

Waite: 'I Could Be a Hostage'

Missing Anglican Envoy Said He Knew of Personal Risks

LONDON — Terry Waite, the Church of England envoy who is reported to be under "house arrest" by kidnappers in Lebanon, spoke early this month about the risks he took to negotiate the release of hostages.

Mr. Waite, a lay representative of the archbishop of Canterbury, told Italian television that the negotiations often were conducted with a gun held to his back.

"When you get into a car, you never know whether you will be coming back again," he said, adding that he knew "that even I could be taken hostage and held prisoner with the others."

Mr. Waite, who arrived in Lebanon on Jan. 12 on his latest mission, vanished from his Beirut hotel a week ago. The Kuwaiti news agency KUNA said Monday that he had been detained after failing to reach agreement with kidnappers.

In the past five years, Mr. Waite, 47, has secured the freedom of 10 captives. His style is a blend of patience, sincerity and a schoolboyish sense of humor far removed from the dry formality of conventional diplomacy.

"The ability to establish personal relationships is crucial," he once said of his negotiating technique, which has worked in Iran, Libya and Lebanon. "All you need is common sense."

He impressed Libya's leader, Colonel Muammar Gadhafi, whose revolutionary government was holding four Britons in a tense period in 1985 after Tripoli and London had severed relations.

The two men discussed theology and world affairs for several hours, Mr. Waite has said. Within days, the hostages were freed.

"We should all be able to laugh at ourselves," he told an interviewer. "Gadhafi and I were able to laugh and joke together. It's a marvelous way of communicating."

Friends say the towering physical presence of Mr. Waite, who stands 6 feet 7 inches (two meters) and weighs 238 pounds (107 kilograms), lends him instant authority in negotiations. But they also say he can coax a chuckle from the most dour assembly.

His skills have won the respect of professional envoys, such as one British diplomat who said: "He is foxxy as well as friendly and that is a winning combination."

Terry Hardy Waite, the son of a village policeman, was born May 31, 1939, at Sydal, in Cheshire County, northern England. He

left school at age 16, briefly joining the army until an allergy to khaki dye caused his departure.

After earning a degree in theology, he worked as an adviser to the bishop of Bristol. In 1968 he went to Kampala, Uganda, where for three years he was the assistant to the first African archbishop of Uganda, Rwanda and Burundi, helping the church negotiate with the Ugandan regime of Idi Amin.

In 1972, Mr. Waite moved to Rome and spent seven years as a consultant to Roman Catholic orders. He traveled through the Third World on missionary and development work.

In 1980, the Most Reverend Robert Runcie, archbishop of Canterbury and spiritual leader of 65 million Anglicans worldwide, offered him a post.

He became secretary of Anglican affairs, communicating with overseas churches, arranging the archbishop's travel and helping to formulate church policy on foreign matters.

Mr. Waite's first success in negotiating the release of hostages was in 1981, when he helped to free three Anglican missionaries detained in Iran after the Islamic revolution there.

He went to Tehran to discuss the case with Ayatollah Ruhollah



Terry Waite being guarded by a Druze militiaman while meeting with Lebanese officials recently in Beirut.

Khomeini and won the admiration of revolutionary guards by accepting a challenge to arm-wrestle, and winning.

After his success in Libya, early

in 1985, he was asked to help free American and other hostages held in Lebanon by guerrillas of the Islamic Jihad fundamentalist group.

Tambo Says ANC Won't Forgo Use Of Violence

By David B. Ottaway

Washington Post Service

WASHINGTON — The leader of the African National Congress, which is fighting for black-majority rule in South Africa, has declared that he sees no way his organization can forgo violence as long as Pretoria continues the apartheid system of racial discrimination.

"I can think of no conditions in which we would suddenly call it off while apartheid continues," said Oliver Tambo, the organization's president, who is here to meet with Secretary of State George P. Shultz on Wednesday.

Mr. Shultz, during the first meeting of a senior U.S. official with the guerrilla organization, is expected to raise the issue of the group's commitment to violence as well as its close affiliation with the South African Communist Party. Conservatives have been attacking Mr. Shultz for meeting with the leader of a terrorist organization.

Mr. Tambo said Monday at a news conference that until 1961 — 49 years after its founding — the African National Congress had limited its political struggle to non-violent means but that this tactic had failed. "So we had to embrace this additional method, the armed struggle," he said.

"If it was possible to obtain our political objectives without violence, I would denounce it," he said. But in the "practical situation" prevailing in South Africa today, he added, "of course, it's not thinkable."

Mr. Tambo expressed irritation at having to defend his group's resort to violence and pointed to what he called "the violence of apartheid." He said he does not understand why Americans think the organization is the only "violent factor" in "the whole apartheid equation" and why it has to defend its methods while the South African government, using similar means, does not.

Thabo Mbeki, the group's information director, said there are "no constitutional ways" open to the organization for achieving its political objectives and noted that it has been banned since 1960.

Mr. Mbeki also ruled out the possibility that the organization would eliminate Communist Party members and sympathizers from its executive committee just to please the United States. A recent State Department report said that "roughly half" of the 30 members of the executive committee of the African National Congress were known or suspected Communist Party members.

Sanctions Criticized
Sanctions against the South African government have been counterproductive, actually moving attention away from changing discriminatory laws, a report by the nation's Roman Catholic bishops said Tuesday, United Press International reported from Johannesburg.

The Southern African Catholic Bishops Conference report said that international economic pressure to force an end to apartheid instead "has consolidated government in its retreat from meaningful and, indeed, any reform."

The report said that "inordinate energy" was being devoted to fighting the economic sanctions imposed against Pretoria.

Most witnesses applied the government's counter-measures "rather than addressing the problems that lead to these steps in the first place," the report said.

REAGAN: No Prior Authorization

(Continued from Page 1)

led Secretary of State George P. Shultz in Tokyo last year about the arms sales to Iran.

Mr. Shultz said Mr. Shultz had received word from another State Department official last spring that Adnan M. Khashoggi, a Saudi businessman, and other arms dealers were financing a deal to sell American arms to Iran.

Mr. Shultz then asked Mr. Reagan what he knew about that, and Mr. Reagan said he "does not know, it does not ring true to him" and that "he would check into it," Mr. Shultz said.

Although Mr. Reagan had been aware of the general plan to sell arms to Iran, Mr. Shultz said, he had not been aware of Mr. Khashoggi's role, and that is why he answered Mr. Shultz's question as he did.

"There was absolutely no attempt whatever on Don Regan's

part to keep Shultz from finding out the facts," Mr. Shultz said.

Shultz Confirms Meeting
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Since then, Mr. Shultz said that "there isn't any contact in that channel" between the Reagan administration and the Iranian government, although the two sides have dealings through an international claims tribunal and in "other ways," which he did not identify.

His comments, in public testimony before the Senate Foreign Relations Committee, confirmed reports of private testimony Mr. Shultz gave last week.

Mr. Shultz also reiterated that it was U.S. policy that "there will be no further exceptions" to the U.S. attempt to embargo arms to Iran.

Mr. Shultz's testimony came the morning after Hashemi Rafsanjani, the speaker of Iran's parliament, said in an interview on U.S. television that a State Department emissary met with Iranian arms buyers as recently as "a few weeks ago."

Swiss Inquiry Delayed
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WORLD BRIEFS

India Tries Cricket Diplomacy on Zia

NEW DELHI (AP) — Prime Minister Rajiv Gandhi, in a diplomatic effort at a time of border tension with Pakistan, is inviting President Mohammed Zia ul-Haq of Pakistan to attend a cricket match in the current India-Pakistan series, a legislator reported Tuesday.

The invitation to General Zia, a cricket enthusiast, was made as troops were stationed on both sides of the border in forward and defensive positions in full battle preparedness. India sent troops to the border between Punjab state and Pakistan last week after accusing Pakistan of failing to withdraw troops after winter exercises.

The invitation is being carried by N.K.P. Salve, a legislator from Mr. Gandhi's Congress (I) Party. Indian government radio, meanwhile, said Mr. Gandhi had sent assurances to General Zia that India did not want any escalation of border tensions.

Peres Urges More EC Aid to Arabs

BRUSSELS (UPI) — Israel's foreign minister, Shimon Peres, urged the European Community on Tuesday to help the Middle East peace process by increasing economic aid to moderate Arab states.

"Nothing threatens the prospect of peace more than the economic crisis that is now spreading through the region," Mr. Peres said at a news conference after two days of talks with EC foreign ministers. The foreign ministers, reassessing Middle East policy, are to meet next month to decide whether to begin a diplomatic initiative in the region.

Mr. Peres said the EC could "play an increasingly important role" by promoting economic development in moderate Arab countries. He also called on the community to help persuade Arab leaders to negotiate directly with Israel.

Walesa Criticizes Warsaw on Economy

WARSAW (UPI) — Only a revival of the trade union Solidarity can restore economic growth in Poland's economy, according to the banned movement's founder, Lech Walesa.

"There has been neither efficiency, order, nor common sense in the economy," Mr. Walesa said by telephone Monday from Gdansk. It was one of his harshest recent criticisms of the government's management of the economy, which he said "has been damaged for more than 40 years by the monopolistic rule."

"The ban on union pluralism is accompanied by apathy," he said. "A difficult time is ahead of us." He said the rate of inflation, which in 1983 was more than 400 percent and last year about 20 percent, had hurt workers most.

French Communist Quits Party Post

PARIS (Reuters) — The French Communist Party, upset by electoral decline, was shaken Tuesday by the resignation of one of its most influential members of the Central Committee.

Marcel Rigout, a wartime Resistance hero and one of four CoPs to serve as minister in the previous government of Socialists and anarchists, resigned his position on the committee to protest the party's leadership and criticized it as stifling dissent. He also of down as one of only 35 Communist deputies elected in March member National Assembly.

The resignation, announced at the end of a two-day congress, came a day after the departure of another leading Communist, Claude Poperen, resigned his Politburo post Monday between supporters of the party's general secretary, Georges Marchais, and a group of dissidents.

Belgian Soccer Chief Charged

BRUSSELS (Reuters) — The secretary-general of the Union of Belgian Soccer Clubs was charged Tuesday with mismanagement of the national team's tour of the Soviet Union in May 1985 in which 29 players died.

Albert Roosenburg said that the charges alleged by administration of ticket sales for the European Cup final between Liverpool and the Italian team have caused after fighting broke out between rival fans.

Mr. Roosenburg said he did not know when he would face the charge.

MANILA: Coup Attempt

(Continued from Page 1)

It was a coup attempt, the members of the first coup. Arturo Tolentino, 94-year-old mother from a Manila hospital Tuesday and her transfer to the north of the country.

In Ilocos Norte, the government deployed troops and helicopter gunships at Laoag provincial airport following rumors that the former president would return.

Mr. Marcos, who has lived in exile in Hawaii since he was deposed, said from his home in Honolulu, that he wants to return to the Philippines "to try to stifle this bloodletting." The Associated Press reported. He would not comment on allegations that he was behind the coup attempt.

In Manila, Colonel Ernesto Isleta, the armed forces spokesman, said Tuesday that there was no direct evidence that Mr. Marcos had been the party to the takeover attempt.

Rene Saguisag, a presidential aide, said he did not think that Juan Ponce Enrile, a former defense minister dismissed by Mrs. Aquino in November in the midst of coup rumors, had been implicated in the plot. Mr. Enrile is leading an opposition campaign against endorsement of the new constitution.

Some of the rebel officers denied they were Marcos loyalists. They said they were taking a stand against alleged concessions made by the Aquino government to the Communist guerrillas and sympathizers.

Analysts said said participants in the overthrow attempt came from all branches of the armed forces, including some units outside Manila.

However, General Ramos said the operation involved "just a very, very small handful" of military personnel "maybe about 300 or 400."

Life in most of Manila during the day was normal, with schools and businesses open and traffic in the streets. The international airport also operated normally.

In a nationwide television broadcast, Mrs. Aquino warned that there might have to be "intensive military operations" around the occupied radio and television station and said civilians should stay clear.

Mrs. Aquino, who as president is also armed forces commander in chief, said in an address Tuesday night, "The situation is well in hand. The people should keep calm."

The "full force of the law will be applied to everyone, civilian and military, who is implicated in this crime," she said. "I have ordered their arrest and detention."

AUSTRALIA: Refuge of Choice

(Continued from Page 1)

coincided with a relaxation by the Labor government of stringent immigration rules of the past decade that kept out even highly skilled professionals. Now, immigrants whose professions are in high demand in Australia — nurses, computer analysts, accountants and middle-level newspaper editors, among others — have a relatively easy time getting in without an employer sponsor.

Corporations facing a shortage of top managers have gone head-hunting in South Africa. Two prominent recruits include the recently arrived chief executive of one of South Africa's largest insurance concerns, Liberty Life, and the chief executive of International Gold Corp.

Many of the South Africans choosing Australia are middle- and upper-class families who saw no future in their home country,

either in the continuing turmoil or under possible black majority rule.

"We are the people who are looking for more security," said Julian Block, now a prominent lawyer in Sydney who arrived several years ago. "We were not running because we were about to be imprisoned; we were not particularly politically active. We are the middle class — we were afraid for our own skins. We wanted to get out while we could."

Mr. Block has become a kind of central switchboard for South African immigrants. He knows the time of arrival of the one flight a week from South Africa to Sydney, even if it is delayed, because soon after it lands the phone calls to his home begin. He said word about Australia had seeped back home, making it the "hot" place to move to.

For the most part, the South Africans have settled seamlessly into the social landscape. But some Australians, sensitive to the image of Australia as a predominantly white society that until a decade ago practiced a racially discriminatory immigration policy, have questioned the influx of white South Africans.

But only a minority of the South Africans picked Australia for its largely homogeneous society, said Bryan Pearson, a South African journalist from the defunct Rand Daily Mail who now works in Melbourne.

ARREST: Brother of Suspect

(Continued from Page 1)

Iranian Hezbollah (Party of God) faction in Lebanon. However, West German investigators are known to believe that the kidnappings of the two businessmen, Rudolf Cordes and Alfred Schmidt, are probably motivated largely by family loyalty.

The Hamadeh clan is one of the largest Shiite Moslem families in Lebanon and has its roots in the bleak plain east of Baalbek near the Syrian frontier. It has produced a number of political chieftains, including the late Sabry Hamadeh, who served 22 years as the speaker of the Lebanese parliament.

Abbas Ali Hamadeh has West German citizenship through his marriage, in 1979, to a German woman from whom he is now separated. He had been living in the Scharlach town of Merzig at the apartment of another Lebanese, Hanna Kasim.

The police raided the Kasim home early Monday morning with a warrant linking its occupants to the Beirut kidnappings.

Mulrooney Visits Zimbabwe

Agence France Press

HARARE, Zimbabwe — Prime Minister Brian Mulrooney of Canada arrived here Tuesday at the start of a four-day visit.

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INTERNATIONAL Herald Tribune

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Poorer Than the Debtors

Unpaid, allegedly unpayable debt haunts the headlines, with Brazil and the Philippines now prominent, but there is less in their recent agreements with creditor governments than meets the eye. Only a small part of their debt has been rolled over, and for a short time. The acid test, negotiations with the commercial banks, is still to come. Brazil has persuaded other governments not to insist that it submit itself to an IMF stabilization program, claiming that President José Sarney has produced his own without foreign interference. His action will be successful only if it attacks the causes of hyperinflation, which is doubtful.

Brazil is merely one instance of increasingly strident demands from the bigger debtors, and of corresponding irritation among creditor banks that see little point in lending new funds to countries that fail to put their houses in order. Much of the noise can be discounted. Debtor countries have to be seen by their left wings to be standing up to creditors; bankers, too, have constituencies to think of.

Although debtors and creditors wrangle, they need each other. The banks have to arrange for at least part of their interest payments to come in on time so that serious losses do not appear on their books. And they have to roll over the capital because few of the debtors can currently repay it. The debtors have to keep some sort of creditworthiness to attract new foreign capital. Even if they defaulted on interest payments, most would still be unable to

finance essential development projects simply from their own savings.

Uneasy marriages can survive initiation. Rather than search for some magic general solution, debtors and creditors probably have to continue ad hoc arrangements. This should not be beyond their wit, although the marriage would be easier if the richer partners were expanding and importing faster.

The problems of the big debtors can distract attention from worse ones in the Third World. The real problems lie with the very poor, not the less rich. The Brazils of this world are light-years ahead of Africa, which is less indebted simply because it is not sufficiently creditworthy to be able to borrow much.

The world knows Mexico because it stages the World Cup, and Brazil because it wins it. It knows Africa mainly as a desert across which the Paris-Dakar race proceeds in the face of bemused inhabitants. Farther south, the main traffic is to move cattle to where they can survive.

These really poor countries have to rely on what the rich can provide in government aid and on such progress as they can make in exploiting their assets. It would be tragic if the OECD world, distracted by debt quarrels with its middle-income neighbors, forgot these countries. The need is not just for charity but also for political realism. Economic help for the really poor is a race in which the OECD world has a clear edge over the Soviets.

INTERNATIONAL HERALD TRIBUNE

Endless Risk in Beirut

Understandably, American responses to hostage-taking in Lebanon are hardening. Civil authority in that shattered country has vanished. Every Westerner still in Beirut surely knows the risks. The State Department keeps urging Americans to clear out, as it did only days before the weekend kidnapping of four teachers at Beirut University College. By staying on, Americans put themselves and their country at hazard.

What does President Reagan owe these latest pawns in a seemingly endless and game? He can make plain Washington's concern for the safety of any American seized as hostage in a foreign conflict. But what needs to be equally clear is that there will be no secret missions, no ransom offers, no pleas for release of terrorists jailed in Kuwait, no yellow ribbons to hail returning heroes — and please, above all, no more TOW missiles or other weapons for Iran.

The White House, chastened, seems finally to grasp the effects of its diplomatic blunders. "There is a limit to what our government can do in a chaotic situation such as that in Lebanon today," says President Reagan. And he now declares that the United States will make no concessions to terrorist groups, whatever their threats. As the pool of hostages grows in Beirut — more than 20 persons from nine countries

are now captive — the only way to end this barbarous practice is to refuse to reward it.

That does not preclude contacts with hostage-takers nor a willingness to consider each new case on its own. But the first need is to restore consistency and credibility to something that had become a supply-side hostage policy, all but inviting kidnappings.

The Americans who choose to stay in Lebanon have that right. Some are converts to Islam, some have Lebanese spouses, some have occupational ties or are deeply attached to a troubled country. Whatever their reasons, they cannot expect or deserve the sympathy that spontaneously flows to innocent, unwitting and heroic hostages. They are not passengers in a hijacked airline or Foreign Service officers in a captured embassy. It is not accident or duty that keeps them in Beirut, but their own decision. What the United States owes them most is what it owes all other Americans: pursuing the policy most likely to protect potential hostages from being seized in the first place. What is needed is a steadfast, credible resistance to blackmail.

After the blunders and bluster of recent months, that will not be easy to convey, but it will defeat more terrorists than any amount of rage, ransom or yellow ribbons.

—THE NEW YORK TIMES

Modest Victory for Kohl

West Germany's government has won reelection safely, but not quite so grandly as it had expected. Germans voted for things as they are, but without notable enthusiasm. The implication is no change in foreign policy but a discreet acceleration of the search by Chancellor Helmut Kohl's party for a more inspiring figure to succeed him.

Mr. Kohl's Christian Democrats remain in power, but their showing was the worst since 1949. They owe their survival in office once again to the small, centrist Free Democratic Party, an ingenious political device invented by an electorate that is deeply reluctant to give any party an absolute majority. West German governments are coalitions — and have been for the past 18 years — between the Free Democrats and one or the other major party. The voters deliberately use this small party as a check on the power of the bigger ones.

The polls had suggested that the Christian Democrats, together with their Bavarian affiliate, the Christian Socialists, were headed for a big victory while the Free Democrats might sink out of sight. Apparently a lot of voters responded by switching. In the final count the Christian Democrats ended well below the polls' predictions, while the Free Democrats, having done quite well, will once again hold the key.

It was a notably vague campaign, with no inclination on either side to talk serious-

ly about serious issues. The main opposition party, the Social Democrats, is preoccupied with deep internal disputes over, among other things, nuclear weapons. In West Germany as in Britain, a conservative government's strength is being greatly eroded by a collapse on the left.

Like the Christian Democrats, the Social Democrats got a smaller share of the vote than in any national election for many years. In their case they lost strength to the Greens, now established as a fourth party calling for environmental protection, pacifism and, in general, a cheerful anarchism.

It was essentially the economy that determined this election. Like most of postwar Germany's elections, this one was about stability and economic growth. The economy has been expanding steadily if not rapidly. Inflation last year was negative, meaning that consumer prices actually fell. Unemployment is high, but even the Social Democrats could not think of anything very plausible to say about it.

There are signs of rougher weather ahead — an unsustainable trade surplus and a soaring exchange rate for the Deutsche mark. But nobody wanted to talk much about disquieting things in this election. In that respect there is much in common between the current practice of politics in the Federal Republic and in the United States.

—THE WASHINGTON POST

Other Comment

Mixed Blessings in Germany

Sunday's elections were not a catastrophe for Helmut Kohl. The chancellor can continue to govern, though under considerably more difficult conditions. But it appears as if Mr. Kohl, who is said to draw his strength from the people, has been inflicted a heavy blow by these very voters.

The outcome of the elections offers more burdens than blessings to most of those concerned. As for the Greens, they can no longer be discredited as a disoriented move-

ment fed mainly by undemocratic protesters. They have grown to a size that must be taken into account.

And the Social Democratic Party can no longer ignore demands from its rank-and-file to clarify its relationship to the Greens. [The party leader] Johannes Rau's strategy failed to stop the Green offshoot that has grown from Social Democratic wood and has developed into an independent plant. His strategy now has expired, along with his candidacy for the chancellorship.

—Süddeutsche Zeitung (Munich)

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OPINION

Either Reagan Goes or Things Get Worse

By David S. Broder

WASHINGTON — President Reagan gave his version on Tuesday of the state of the union. In the process he allowed viewers their first extended look at him in more than two months, and let them judge for themselves the physical and emotional state of the president. But what of the state of the presidency and the Reagan administration as the fourth and final quarter of his tenure begins?

To gauge that, you must look beyond the president and his rhetoric into the White House and the cabinet, and the picture is not reassuring. This is an administration at odds with itself, one more likely to fly apart from internal dissension than because of domestic political opposition. It is an administration poorly prepared to exploit its remaining opportunities and dangerously vulnerable to foreign mischief-making.

This scary judgment — not expressed lightly — reflects no loss of confidence in the president by the men running the executive branch. It reflects the increasing, irreversible and unnecessary tensions resulting from his stubborn insistence on keeping at the center of his government his fatally flawed chief of staff, Donald Regan.

Because this is a delegated presidency, and because Mr. Regan has insisted that he be the main channel through whom others deal with the president, the loss of confidence in him by his principal associates is a weakness from which the administration cannot recover. It will not get better as long as he is there; it can only get worse.

The latest, but surely not the last, chapter in the unraveling saga was the revelation last week by The Washington Post that Mr. Regan had misled Secretary of State George Shultz last May about the secret sale of American arms to Iran. When Mr. Shultz confronted Mr. Regan during the economic summit in Tokyo about rumors of such sales, the U.S. ambassador in London had reported, Mr. Regan reportedly said that it "couldn't be true or shouldn't be true."

That was four months after President Reagan had overridden objections from Mr. Shultz and Defense Secretary Caspar Weinberger and secretly approved, with Mr. Regan watching, a directive allowing such sales. It was three months after the first missiles were delivered to Tehran. According to unchallenged accounts of Mr. Shultz's testimony to the House Foreign Affairs Committee last week, Mr. Regan led Mr. Shultz to believe that he shared Mr. Shultz's concern about the effect of such sales on the credibility of America's anti-terrorism policy. Mr. Regan said he would raise the issue with the president.

When Mr. Shultz's testimony was revealed by

the Post last week, Mr. Regan said through a spokesman that he had no recollection of the conversations with Mr. Shultz but would not dispute Mr. Shultz's account.

That evasion is supposed to satisfy everyone. It does not. The reality is that George Shultz, the president's chief spokesman and representative to foreign nations, has been revealed to the world as a man of so little seeming consequence that the White House chief of staff feels free to deceive him on a matter of major importance.

Mr. Shultz cannot remain in his post for long unless the president acts decisively to repair this impossible situation. Mr. Regan has to show Don Regan the door or risk losing Mr. Shultz.

If he makes the opposite choice — letting Mr. Shultz go and retaining the chief of staff whose fingerprints are all over the Iran fiasco — conversations I have had lead me to believe that Mr. Shultz will not be the only cabinet figure to quit.

Mr. Shultz is, among other things, a central figure in what might be called "the Republican wing" of the cabinet, as distinguished from the "Reagan wing." Those are the men who had an active leadership role in the Republican Party and/or other Republican administrations before

1980. They brought their talents to the Reagan administration out of admiration for the president and the belief that his leadership would enhance public support for the kind of policies that their party had long espoused. They will not let Don Regan drag their party to ruin.

The men in this circle include Mr. Weinberger, Treasury Secretary James Baker, Commerce Secretary Malcolm Baldrige, Labor Secretary Bill Brock and, of course, Vice President George Bush. Mr. Bush will not — cannot — resign. But I would not guarantee any of the others staying to the end, if the president decides to choose his proud chief of staff, who has been boasting that he has come out of the shambles of Iran with enhanced power, over his secretary of state.

It is an open secret in Washington that the cabinet members I have mentioned see a need for President Reagan to be far bolder than he has been in breaking the impasse on budget deficits and U.S.-Soviet relations. To do that, he simply must get the Iran fiasco behind him and those responsible for it out of his administration. Otherwise the voters will likely turn to the Democrats in 1988. And these men are not about to stand by passively while the future of the Republican Party is sacrificed to the ego of a blundering and dissembling chief of staff.

The Washington Post



Forging a Closer Relationship With Eastern Europe

By Milan Svec

WASHINGTON — A strong case can now be made for reinvigorating U.S. relations with Eastern Europe. The region is at a critical juncture, and the Reagan administration has made a timely appointment in giving a high-level official, Deputy Secretary of State John Whitehead, special responsibility for policy there.

His visit last fall to Hungary, Romania and Yugoslavia and his forthcoming trip to Poland, with possible stops in Czechoslovakia and Bulgaria, are evidence that the administration is addressing this question seriously. It is critical that Washington may inject some life into a vague and largely reactive policy.

The principle behind U.S. policy toward Eastern Europe has for years been "differentiation" — in effect, a promise to reward those governments that show greater tolerance, flexibility and independence from Moscow.

This is the right idea, but it must be pursued more determinedly. Washington must look more closely at the East European countries and make a more concerted effort to engage those showing the most flexibility.

The accession of Mikhail Gorbachev makes a reinvigorated U.S. approach more important now than at any time in years. Moscow's search for reforms and its assertiveness in economic relations with its allies have compounded the mounting economic pressures on Eastern Europe.

The Soviet Communist Party is speaking through Pravda about needed changes in its neighborly, inefficient economies, but the East Europeans are not sure how to proceed. Reformers are seeking new opportunities, but conservatives in some countries would prefer firm guidelines that would enable them to continue to "govern" but ensure that Moscow took ultimate responsibility.

There has been pressure from Moscow for cooperation among the countries of the region. Yet, in their efforts to undertake reform, many have come to rely increasingly on what the Hungarian leader Janos Kadar calls "their traditions and their own peculiarities." The result is a contradictory maze — economic uncertainty and, in several cases, new doubts about the authorities. This produces political as well as economic change.

Consider one example, in Czechoslovakia, where Pravda's new approach has baffled reformers both in and out of government. When a recent issue of the Soviet newspaper reached newstands several days late, the Czechoslovak Communist Party daily, Rude Pravo, fell called upon to explain to a suspicious population that the delay was not due to foul play by the Prague government.

It was just as unheard of for Czechoslovakia to look for Pravda voluntarily as for them to suspect that their government might have wanted to prevent them from reading it. Needless to say, this sort of confusion provides a considerable opportunity for the United States.

Nor is that the only reason why Washington should be taking more initiative in Eastern Europe. For all his innovative tactics and effective public relations, Mr. Gorbachev has largely failed to weaken the unity of the North Atlantic Treaty Organization, but he will undoubtedly continue to try. For Washington, the best defense is surely a good offense. A supply U.S. policy in Eastern Europe could help to check Mr. Gorbachev's ambitious hopes for dividing Western Europe, or at least raise the cost of such efforts by forcing him to allow his East European allies more political and economic leeway.

If, on the other hand, the United States does not engage itself more actively in Eastern Europe, it could diminish the room for maneuver cre-

ated there by the Kremlin's efforts to project a more tolerant image. Such reluctance would send a very discouraging signal to East Europeans — particularly the younger generation, which is profoundly influenced and fascinated by American culture.

The results of an opinion poll conducted unofficially in Czechoslovakia and published recently in a Czech émigré journal in Paris illustrate this point. While most of those who had definite views on the questions were critical of the Soviet Union and positive about the United States, the majority tended to regard the superpowers as essentially alike.

A more active U.S. policy toward Eastern Europe need not entail vast

political or economic investments. What is needed is simply a more subtle and responsive attitude in Washington — a willingness, above all, to encourage the growing diversification of the most dynamic countries in the region. The changing political realities in each country demand constant reassessment and a vigorous application of differentiation. American actions must be both more timely and more effective.

Mr. Whitehead's visit to Poland provides an excellent opportunity. Poland is the freest country in the region; Romania is the most oppressive. Yes, the United States still treats Romania better, but diplomatically and financially, than it treats Poland.

There may be sound reasons for this, but unless Washington can clearly state them, it is sure to send the wrong signals to the Eastern bloc. East Europeans will surmise that there is no policy of differentiation, that Washington is simply not paying attention or that it cannot make timely adjustments in its policies.

This cannot be allowed to happen, and any confusion ought to be cleared up as soon as possible. Helping the East European countries in their search for greater identity serves both their interests and the interests of the United States.

The writer is a senior associate of the Carnegie Endowment for International Peace. He contributed this comment to The New York Times.

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OPINION

A Ten-Year Cycle Catches Deng Perilously Halfway

By William Safire

WASHINGTON — A Chinese pundit, examining American political turmoil, could advance a "Dozen-Year White House Fool-up Cycle."

This is how the D-YWHF Cycle works: In 1949, Harry Truman began to permit the series of ethically blind pretensions by his cronies that led to "the mess in Washington" and the collapse of his poll ratings. A dozen years later, John Kennedy, eschewing air cover, went along with the scheme to overthrow Fidel Castro at the Bay of Pigs.

A dozen years after that, Richard Nixon cuneled himself in the cover-up that capped Watergate, and 12 years

Mao mold — of the aged leader striking down his likely successor — by fears of more powerful factions.

Reacting against his rule is the generation that he defeated 10 years ago: all the Red Guards and their Maoist friends who rampaged at will to enforce revolutionary equality, joined by all the people who resent the progress that others have made under the "unfair" inequalities of market economies.

We hear that crowd referred to now as "conservatives," opposing Mr. Deng's economic reforms, but they are really the radical activists who have been driven down, along with the millions of peasants and workers who have not fared as well in the free-market enterprise as their more industrious neighbors. Add to that some Red Army generals angry at the dominance of their officer corps by the bureaucrats, and you have the tinder for the T-YCDT Cycle.

Those old radicals do not want what the students and some intellectuals want; democracy is not what is stirring in China. On the contrary, the yearning for freedom of a few brave souls is seen by the radicals as proof that Mr. Deng has sold out the revolution.

Mr. Deng, beating a retreat, is castigating the protesters, serving up Mr. Hu's political head on a platter, pretending he has been against the loosening of central political authority all along, as if to show the radicals China need not fear the onset of real democracy and individual freedom from him or his successors.

But Mr. Deng now has as little to say about who will run China in a few years as Ronald Reagan has to say about who will run the United States. Our system will not change with the change of faces; modern China's has.

Why is Mr. Deng failing? For the same reason that General Secretary Mikhail Gorbachev, reforming his system even more slowly, will fail in the Soviet Union: You cannot fix communism's inherent economic stagnation by adopting a little bit of capitalism.

A free market works well with free people; it cannot work well with unfree people. Marx was right about the link between politics and economics, but to stop economic "exploitation" of workers by investors, he substituted political exploitation of workers by party members. That system has failed in the Soviet Union and in China.

Because communism's leaders cannot find an incentive as effective as the pursuit of self-interest in a free society, they try semireform. But no place is as dangerous as halfway. China must move quickly, forward or back — and Mr. Deng's weakness, plus the cyclical chart, suggests bad news ahead.

My counterpart in China can counter with the prediction of a terrible blunder in the White House in 1997.

The New York Times.



State of the Union

Russia's Babushkas Got the Forecast Right

By Martin Walker

MOSCOW — My wife was worried. I had got home late from the office, partly because it was so cold that it took a long time to start the car, and also because the drive home was treacherous and slow. "The hot water has been off for three hours, and now the heating pipes are cold," she said.

The flat was cooling fast. I kept my coat on as I checked with neighbors that their heating had also gone off. I rang the Russian caretaker, who said that the emergency services were working on it.

What about our children? Keep them in bed, well wrapped up, and put their fur hats on, was his advice.

Outside it had just hit minus 40 degrees centigrade (minus 40 Fahrenheit). That is very cold indeed. In our all-electric flat we could not even turn the gas taps on. I remembered what Russian friends had said about the last big freeze when whole blocks of flats were evacuated. But then there was a groaning in the pipes and the warmth began to return. I felt like cheering.

Normally I relish the approach of a Moscow winter. I have taken up cross-country skiing here, and have learned to love the Russian landscape under snow, that astonishing radiance of the winter sun filtered through the bare birch trees, the taste of cold vodka after a long run, the sweet pain of warming at a picnic fire deep in the forest.

This year it has not been like that. We had snow in September which lasted for two days and then gave way to an Indian summer. In November and December we had snow that melted in sudden thaws. It was wet, cold and nasty.

The babushkas, the all-powerful and all-knowing Russian grannies who really

run the country, began to prophesy last summer that this winter would be the coldest and most fearsome for years.

The squirrels began collecting their nuts early and in unheard-of quantities, they said. The red berries in the forests were two and three times more plentiful than usual, an infallible sign that Mother Nature was preparing winter food stocks for the poor birds. Certain kinds

MEANWHILE

of mushrooms were thick on the ground this autumn, they said. I forget what it was the pine cones were said to be doing, but it was another reliable sign that this winter was going to be a real stinker.

Forty degrees centigrade below, the babushkas cackled. They poked me hard in the chest and said, "Don't let me see you or your children going around without a good fur hat, young man."

Forty degrees below freezing. I last came across that kind of temperature when I was in central Siberia, about a thousand miles north of Lake Baikal. And there I heard the mystical, marvelous sound that the Russians call the "whisper of the stars." It is the rustling and crackling noise your breath makes as you exhale and the water vapor instantly freezes into ice crystals and falls tinkling to the ground.

Siberians are quite mad when it comes to winter. Having listened to the whispering of the stars, I was ready to get back in the jeep and cower under the heater. My host insisted on a picnic.

I was put in charge of the spirit, a

Siberian super-vodka that is as near pure alcohol as makes no difference. In my view, it is spirit that explains the success of the Soviet space program. Rocket fuel cannot compete.

I nursed the spirit while my hosts built a fire, piled snow into the cauldron and began to whistle flakes of deep-frozen fish into what became a delicious stew. Some salt, some potatoes and dried herbs, a few slugs of spirit and we became a very merry party.

Then it came time to take a pee. I trudged through the snow to a discreet distance and began a long process of unbuttoning layers of garments. Finally all was ready and I watched in disbelief as a thin but sturdy stalagmite of quick-frozen urine ascended toward me.

At moments like this your entire past life tends to flash before you — or at least those bits where knowledgeable people told you about frostbite, what it did to the affected part, and whether the damage was reversible. At this point memory failed me and panic ensued.

I began to flounder slowly backward, away from this growing pillar of ice. It followed with obvious menace. I retreated further, tripped and fell, just as Siberia's rival to the leaning tower of Pisa collapsed onto the snow and lay there in the shape of a large question mark.

Understandably shaken by this experience, I hurried back to the campfire, where my friends had become so hysterical with laughter that one of them fell over and knocked down the last bottle of spirit, which probably was just as well.

The writer is the Moscow correspondent of The Guardian in London, from which this has been adapted.

LETTERS TO THE EDITOR

The Numbers in Taiwan

We agree with the general tone and the broad conclusions of the opinion column by Harvey J. Feldman on political developments in Taiwan ("Taipei Inches Along Road to Democracy," Dec. 30). But we wish to point out some inaccuracies. Some of these points may seem minor, but to us they illustrate the approach of the U.S. government to the question of democracy in Taiwan. The inaccuracies are these:

President Chiang Ching-kuo's interview, in which he announced that martial law would be lifted, took place Oct. 7, and not Oct. 14.

Martial law has been in force on Taiwan since May 19, 1949, not since 1948.

The Democratic Progressive Party, by electing 12 of 19 candidates, doubled its seats in the Legislative Yuan, not in the National Assembly. There were elections for the assembly, and in these, 11 of the party's 25 candidates were elected. But the assembly is largely a dormant body, not least because it includes 900 elderly "permanent representatives" first elected in mainland China in 1947.

Finally, the party's candidates in the Legislative Yuan elections ran first in

five of the eight, not seven, electoral districts into which Taiwan is divided.

GERRIT van der WEES,
Chief Editor,
Taiwan Communicat. The Hague.

Others Who Would Leave

Attention has been given in the press to Soviet émigrés who have chosen to return to *rodina* — the motherland — often with airline tickets paid for by the KGB. This is of only peripheral relevance to what is really at stake: the freedom to choose. At issue are the fundamental human rights of the tens of thousands of Soviet citizens who, given the option, would flee a society that they find oppressive. No assurances were given to anyone that life in the West would be paradise on earth. But for many, life in some places is better than in others.

All human beings have the right to determine where and under what conditions they want to live, a fact that Soviet emigration policy seems to overlook. When Mikhail Gorbachev speaks of *glasnost*, or openness, is he willing to open the doors and "let his people go?"

NORVAL V. LOFTUS III,
Paris.

The Name of the Shogun

In "The Japanese Inspector Maigret" (Dec. 11), Christine Chapman makes mention of one "Saigo Takamori, the last shogun."

The claim that Saigo Takamori (the spelling he would have preferred) was the last shogun, or military dictator, of Japan will be news to the people of that nation. Takamori, in fact, was prominent in the Satsuma clan which, in league with other groupings, brought about the downfall of the last shogun, Hitotsubashi Keiki, and the restoration of administrative power to the throne (and those behind it).

HANS E. DULDNER,
Vienna.

No 'Aid' for Africa

I agree about the need for increased assistance to Africa (*Other Comment*, Jan. 22), but a change of attitude is needed in the West. Developed countries help themselves by helping Africa, since Africa is potentially a big market. The term "aid" suggests charity. Assistance to Africa should instead be regarded as a long-term investment.

In general, the best way to keep an economy healthy is to regard the whole world as one unit. Forget national boundaries, develop long-term policies and learn to be patient.

K.P. SHAW,
London.

South Africa's Squatters

I was surprised by the caption under a photograph in your Jan. 7 issue, "Pretoria Demolishes 50 Homes." This implied that rendering people homeless is an explicit policy of the South African government. As the accompanying text made clear, it was the Soweto Council (which is black-run) that had its own police demolish the squatters' shacks. The council, furthermore, was acting at the request of blacks who owned homes nearby. Squatter camps are a problem throughout the Third World. Misrepresenting such problems does not help.

LAWRENCE HAAR,
Marshalltown, South Africa.

Pardons Here and There

In "The Pardon as an Index of Tyranny" (Jan. 10), Charles Krauthammer

overlooks President Gerald Ford's pardon of a high-ranking Watergate official as an example of his theory. It misfits his free-cybernetic criterion.

FRANZ H.J. WEHBRINK,
Meppen, West Germany.

How easy it is to spot the mote in one's own eye and miss the beam in one's own. Mr. Krauthammer mentions Mikhail Gorbachev's release of Andrei Sakharov and Nicaragua's release of Eugene Hasenfus, but what about President Ford's blanket pardon of Richard Nixon and the recent exemption of General Dynamics from prosecution? Both are blatant instances of pardons as an index of government tyranny.

GEORGE WALD,
New Delhi.

Down With Imperialism

Since your readers are taking an active part in deciding editorial policy of the newspaper, from sports to horoscopes, may I add my two-pennyworth and suggest that you drop the use of imperial measures and use metric only?

F.J. JOHNSTON,
London.



1987 good reasons to see Thailand this year

Majestic temples and magnificent elephants, glittering roofs and garlands of orchids, enchanting people and exotic cuisine...one could write a long book about the land they call Thailand (and many seasoned travellers have). And never has there been a better year to see Thailand than 1987. For this is Visit Thailand Year in the Land of Smiles.

Among the kaleidoscope of festivities planned for 1987 you should try to catch some of these:

Feb. 13-15. Chiang Mai Flower Festival. A million blooms, a thousand smiles. One of the unforgettable moments of your life.

April 13. Songkran Festival. A nationwide water festival celebrating the Thai Lunar New Year.

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Spain Student Boycott Grows; Teachers Strike, Citing Wages

MADRID — Disruption spread in Spain's high schools Tuesday, with students continuing to boycott classes and teachers beginning their own strike, officials and unions said.

Several thousand teen-agers rallied in Madrid's central Puerta del Sol square and poured red dye in its fountains to protest police action during a student march in Madrid on Friday at which 25 persons were hurt.

Demonstrators blocked streets, causing traffic tie-ups in the center of the capital. Teen-agers stoned a police van and a government building and pelleted a policeman with oranges. Six youths were detained.

Nearly hundreds of teachers demonstrated outside the Education Ministry to protest planned

rules changes that they said would set different wages for teachers doing similar jobs.

An Education Ministry spokesman said the teachers' strike affected 20 percent of state schools in Madrid but had little effect in the provinces. Students boycotted classes in 75 percent of Madrid schools and 35 percent of provincial schools.

The students demanded the resignation of Interior Minister José Barrionuevo Peña, whose ministry is in charge of public order.

The marchers they headed toward a hospital where a 15-year-old girl shot during the Friday demonstration was being treated, but they dispersed because of rain.

The protest Tuesday was called by the Student Coordinator organization, which supports an indefi-

nite strike to press demands for free access to university and for increased social benefits.

The rival Students' Union said its own strike on similar demands, which began a week ago, could end Wednesday, after talks between students and Education Minister José María Maravall Herrero.

The education minister, who agreed Monday to the students' demand to negotiate directly with him, said he wanted to reach an agreement this week. He said he would offer students an increase in the number of places in high schools, more scholarships and a greater say in education policy.

Javier Solana Madariaga, the minister of culture, said the Socialist government was concerned about student unrest and would make generous offers on scholarships and professional training.

But the three-day strike by teachers in state schools and a two-day strike by their teachers in private schools that was to begin Wednesday were expected to prevent a return to classes.

The government's rejection of the students' main demand — the admission to university without examinations — also made it unlikely that the unrest would end quickly. Officials and unions said the student strike was waning in the provinces on Monday.



Students demonstrating in Madrid burned newspapers on Tuesday to protest the press coverage they had received.

Alliance in U.K. Issues Program

Liberals, Social Democrats End Split, Open Election Drive

By Karen DeYoung
Washington Post Service

LONDON — Britain's Social Democratic and Liberal parties have released a common campaign program that they said marked the end of their policy divisions and the beginning of an effort to win the balance of power in the next nationwide vote.

The two minority parties, joined together in an electoral partnership known as the Alliance, said Monday that they want to steer Britain toward a coalition government in which they would become the junior member.

Conservative Prime Minister Margaret Thatcher is not required to call an election until the middle of next year, but there is widespread speculation that the vote will be held this year. Each of the party groupings — the Conservatives, the main opposition Labor Party and the Alliance — already has geared up its campaign machine.

In a news conference Monday, the Liberal leader, David Steel, and the Social Democratic leader, David Owen, launched a week of campaign activities that will culminate in a rally Saturday for already named candidates in each of Britain's 630 parliamentary districts.

Mr. Steel and Mr. Owen asserted that Britain has become polarized

into "right and left, rich and poor, north and south" under the alternating post-World War II stewardship of Labor and the Conservatives.

The alliance enjoyed a surge of popularity in 1985, when it increased its share of the vote in local government elections. But it now appears unable to raise its nationwide rating above about 20 percent of the electorate.

Part of the problem has been the extremely public divisions between the two partners on several crucial issues, including military policy. When the two Alliance parties had their separate party conferences last fall, they were unable to agree on whether Britain should phase out its independent nuclear weapons force once its backbone, the aging Polaris submarine system, becomes obsolete.

Mrs. Thatcher already has ordered new weapons — the U.S. Trident system that would replace the British force by eightfold — to be installed during what would be her third term in office. Labor has pledged that it will do away with Polaris immediately on taking office, and will cancel the Trident order and do away completely with Britain's nuclear arsenal, as well as expelling all U.S. nuclear bases in Britain.

The alliance parties chose not one, but two middle roads, with the Liberals calling for a natural phase-out of Polaris, and a commitment not to replace it. The Social Democrats eschewed Trident, but called for a new system comparable to Polaris.

An agreement now has been reached after months of negotiations. "We would cancel Trident," Monday's statement said, "but would maintain with whatever necessary modernization our minimum nuclear deterrent until it can be negotiated away, as part of a global arms negotiation process, in return for worthwhile concessions by the U.S.S.R. which would enhance British and European security."



David Owen

Mongolia, U.S. Set Up Relations

Compiled by Our Staff From Dispatches

WASHINGTON — The United States and Mongolia, a close ally of the Soviet Union, announced Tuesday they have established diplomatic relations.

A brief joint communiqué said the decision was reached following consultations at the United Nations in which the two countries confirmed their commitment "to the principles of equality, noninterference in each other's internal affairs, mutual respect and mutual benefit."

It is the first time the two countries have had diplomatic relations. Secretary of State George P. Shultz and Gendengim Nyamdoo, the Mongolian representative at the United Nations, were to formalize the new relationship at a ceremony later Tuesday.

In Moscow, Tass said earlier that the United States and Mongolia had agreed to establish relations. The press agency quoted a joint U.S.-Mongolian statement published in the Mongolian press.

In Washington earlier this month, the State Department said that discussions on normalization had taken place between Vernon A. Walters, the U.S. representative to the United Nations, and Mr. Nyamdoo. (AP, Reuters)

Acquittal of Lambsdorff Asked on Gravest Charge

BONN — The prosecution recommended the acquittal Tuesday of the former West German economics minister, Otto Lambsdorff, on charges of corruption.

Dieter Isfeld, the state prosecutor, said in Bonn District Court that Mr. Lambsdorff, Hans Friderichs, Mr. Lambsdorff's predecessor as economics minister, and Eberhard von Brauchitsch, a former general manager for the Flick holding company, all should be cleared of the corruption charges.

Mr. Isfeld said the prosecution would seek convictions of the three on the lesser charge of tax evasion on political party donations. The judge is due to announce a verdict in the 17-month trial on Feb. 16.

Speculation about a return of Mr. Lambsdorff to the cabinet, possibly with his former portfolio, has mounted since Sunday's general election, in which his Free Democratic Party increased its strength in Chancellor Helmut Kohl's center-right coalition government.

Mr. Lambsdorff told a radio in-

terviewer Tuesday that he was in no hurry to be back in the cabinet, but said that a conviction for tax evasion "would not stop me from pursuing further political activities of whatever sort."

He and Mr. Friderichs were accused of taking bribes totaling 510,000 Deutsche marks (currently \$280,000) for the Free Democrats from Mr. Brauchitsch from 1975 to 1980 in return for a tax waiver on the sale of Flick's stake in Daimler Benz.

Their acquittal has been widely expected since July 1986, when the court rejected a prosecution request to call more witnesses on the ground that there was no chance that further testimony would lead to a conviction.

The prosecution has until Friday to sum up its case and has yet to say what penalties it will seek on the tax-evasion charges. Mr. Lambsdorff and Mr. Friderichs face heavy fines if convicted and Mr. Brauchitsch could receive a prison sentence.

Mr. Lambsdorff succeeded Mr. Friderichs as economics minister in 1977 and resigned in June 1984 when he was ordered to stand trial.

He remains active in his party and in parliament, where he is the Free Democrats' economic policy spokesman, and frequently has outshone Martin Bangemann, who took his place in the cabinet conceding that he knew little about economics.

East German Crosses Border

HAMNOVER, West Germany — A 47-year-old East German man crossed unhindered Tuesday over the border from East to West Germany, border police in Hannover said.

U.S. Questions Depth of Soviet Changes

VIENNA — The United States tempered its criticism of the Soviet Union at the 35-nation European security conference Tuesday but questioned whether genuine change was being brought about by the Soviet leader, Mikhail S. Gorbachev.

In response, the chief Soviet delegate insisted that "important and deep-rooted changes" were happening in the Soviet Union.

The exchange took place at the third Conference on Security and Cooperation in Europe, which opened in November, resumed after its mid-winter break.

The chief U.S. delegate, Warren Zimmermann, said: "The Soviet Union is a different place than it was two years ago." He cited moves to bring corrupt officials to account, to invite émigrés to visit and to come to terms with elements of the past such as Stalinism.

Mr. Zimmermann went on to ask, however: "Is what we are seeing superficial or profound? Is it

the reality or just the appearance of change? The answer is not obvious. The picture remains mixed."

The head of the Soviet delegation, Yuri B. Kashlev, said, "It seems as though the U.S. delegation must have flown in from Mars." Mr. Kashlev added: "There are important and deep-rooted changes happening in the Soviet Union. These are coming from the Soviet people themselves."

In contrast, he said, there appears to have been no change in the West on social ills such as unemployment.

Mr. Zimmermann complained of Moscow's treatment of political prisoners. More than 35 human rights activists who set up a group to monitor compliance with provisions of the Helsinki Final Act remain in jail, and there are many other such prisoners, he said.

One purpose of the European security conferences is to review and strengthen the 1975 Helsinki document on human rights and European cooperation.

Mr. Zimmermann acknowledged that some progress had been made regarding reunification of families. But he also pointed to a drastic drop in Jewish emigration from the Soviet Union in 1986 and condemned as "inherently restrictive" a new emigration law.

He concluded: "We have heard predictions and promises from Soviet officials — on a cultural renaissance, on the release of political

prisoners, on genuine openness. They seem to be telling us that Soviet society is at a turning point. But will it turn? The evidence is not conclusive."

After a week of further discussion on previous accords, the delegates will turn to new proposals for cooperation in Europe. They also are expected to discuss plans for a new conference on limiting conventional forces in Europe.

Soviet to Show 'Outrageous' U.S. TV Series

VIENNA — The Soviet Union said Tuesday that it will show the television series "Amexes" on state television and its viewers will react with "wrath and indignation" to the U.S. program about a fictional Soviet takeover of the United States.

Announcement of the planned broadcast was made by Yuri B. Kashlev, chief Soviet delegate to the Conference on Security and Cooperation in Europe.

Mr. Kashlev said: "In Moscow, we have decided to buy this outrageous TV series and show it to our TV viewers."

"We are not afraid of American falsifications. We are only afraid that such a film will give rise to wrath and indignation."

The series is scheduled to begin Feb. 15 in the United States on the ABC television network. ABC describes it as a portrait of life in the United States 10 years after a Soviet takeover.

In Moscow, Tass said earlier that the United States and Mongolia had agreed to establish relations. The press agency quoted a joint U.S.-Mongolian statement published in the Mongolian press.

In Washington earlier this month, the State Department said that discussions on normalization had taken place between Vernon A. Walters, the U.S. representative to the United Nations, and Mr. Nyamdoo. (AP, Reuters)

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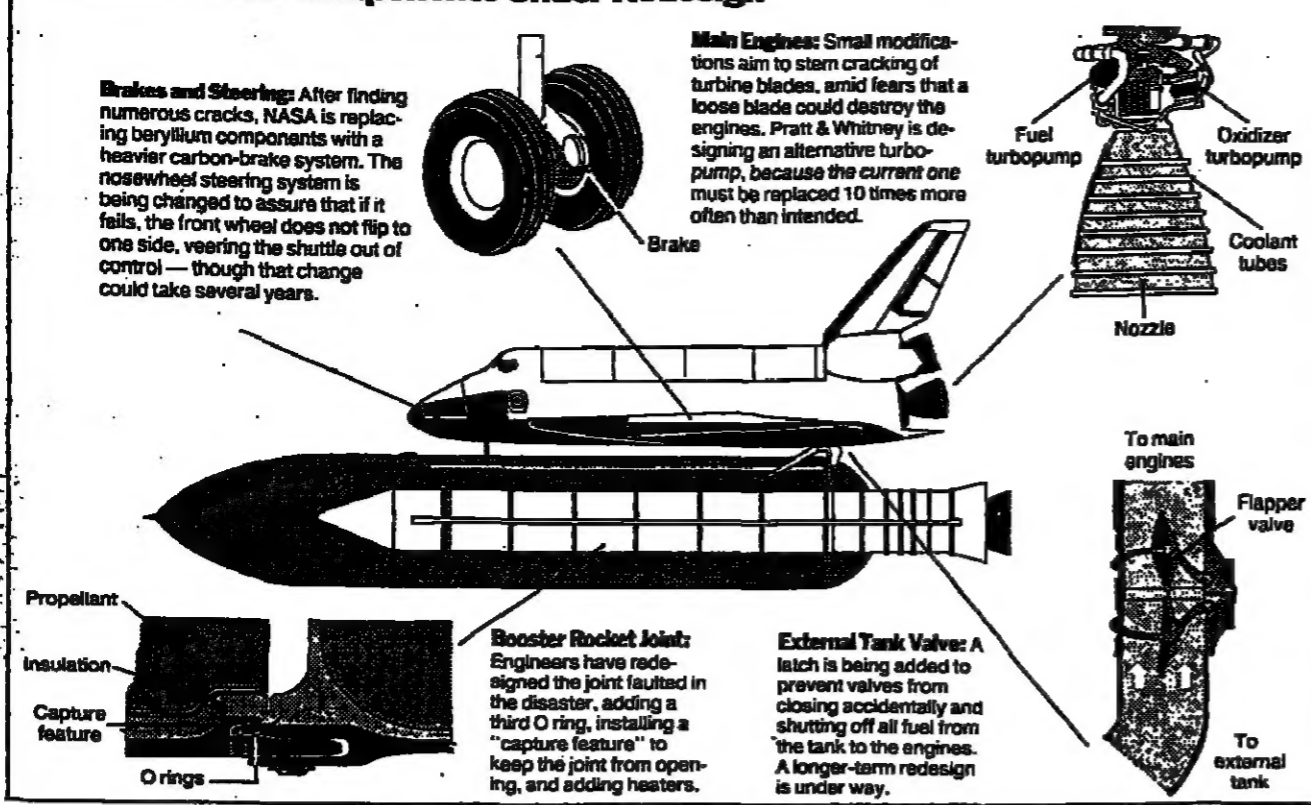
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Critical Shuttle Components Under Redesign



SHUTTLE: One Year After Challenger, 'Everything Up for Grabs'

(Continued from Page 1)

calls and some bangles, shuttles completed 24 missions before the Challenger accident.

When the next shuttle flies, its mission will be different from the old.

For years, officials promised that the shuttle eventually would be able to pay for itself by carrying commercial cargo into space. Now, under an administration policy issued in August, future paying customers will not be welcome on the shuttle but must look for launching abroad or wait for industry to develop private launching services in the United States.

The shuttle fleet has always cost far more to operate than estimated, but the shuttles that fly future missions will "carry less at higher cost," according to an analysis by the Congressional Budget Office.

NASA has revised the projected flight rate from 24 per year, which was deemed necessary for the shuttle to be cost-effective, to an eventual maximum of 16, using a fleet of four orbiters. Outside experts

have said that 11 or 12 a year would be more realistic. The question of flight rate is vital, experts say, in determining how much each shuttle flight will cost and how useful it is.

The presidential commission that investigated the Challenger accident found that the space agency's safety program had withered, as managers became preoccupied with improved performance and an accelerating launching schedule. Officials now promise that the redesigned shuttle will be safer.

In addition to a complex redesigning of the solid rocket booster, which was blamed for the accident, the shuttle will have a new but limited astronaut escape system, as well as improved main engines, brakes, steering and landing controls. Officials say that only changes crucial to safety will be required in time for the resumption of shuttle flights.

But critics in and out of NASA say the agency is still struggling to define "how safe is safe enough."

New safety guidelines and the weight added to the shuttle by various design changes have reduced the shuttle payload capacity by about 2,900 pounds, from about 61,000 pounds for certain orbits at the time of the accident, according to Chet Lee, NASA director of space flight customer services.

If the reduction in performance continues, the shuttle will not be able to carry certain heavy classified military satellites designed especially as shuttle cargo, according

to the secretary of the air force, Edward C. Aldridge Jr.

Officials express the hope that satellites now aloft do not stop functioning until their replacements have a means of being launched.

"Our satellites tend to last much longer than their contract life," said John Pike of the Federation of American Scientists. "We'd be in much worse shape now if that were not the case."

The accident has sent ripples through other parts of the space program. The design of the next big U.S. space project, the space station, has been scaled back.

The \$1 billion Shuttle-Centaur, a rocket designed to deliver military payloads and to boost planetary missions into the solar system from an orbiting shuttle, has been canceled as being too dangerous under the new standards.

And NASA itself, its credibility devastated, struggles to recover internally and move on. A rubbery O-ring seal in a joint of the Challenger's right solid rocket booster allowed the leak of hot gases that triggered the shuttle's destruction, the presidential investigating commission concluded in June.

At Marshall Space Flight Center in Huntsville, Alabama, which took most of the blame for the accident, engineers are absorbed with the complex redesigning of the fatal joint. Even some former critics express confidence that they will do it right this time.

At Kennedy Space Center in Florida, where the shuttles were launched, the three remaining orbiters wait in hangars to be re-ramped, and about 2,500 employees have been laid off.

NASA management has been restructured in ways officials say will tighten lines of accountability, improve communications and safety. Most of the top managers who played a role in the Challenger launching decision have retired or transferred and have been replaced.

By all accounts, morale throughout the space program reached a low during the spring and summer of 1986. "People really felt we had lost our way," said a former astronaut, Joseph Kerwin, now NASA's director of space and life sciences in Houston.

The appointment of new center directors and certain other top managers, along with stepped-up activity in preparation for the next launching, helped morale "turn the corner" by late last year, according to most of the dozens of space workers and officials interviewed across the country. So did the promotion of numerous astronauts into management positions.

James C. Fletcher, who headed NASA during the shuttle's formative years, from 1971 to 1977, was brought back to the post to confront the results of what he readily acknowledges were "terrible mistakes" made in his first administration.

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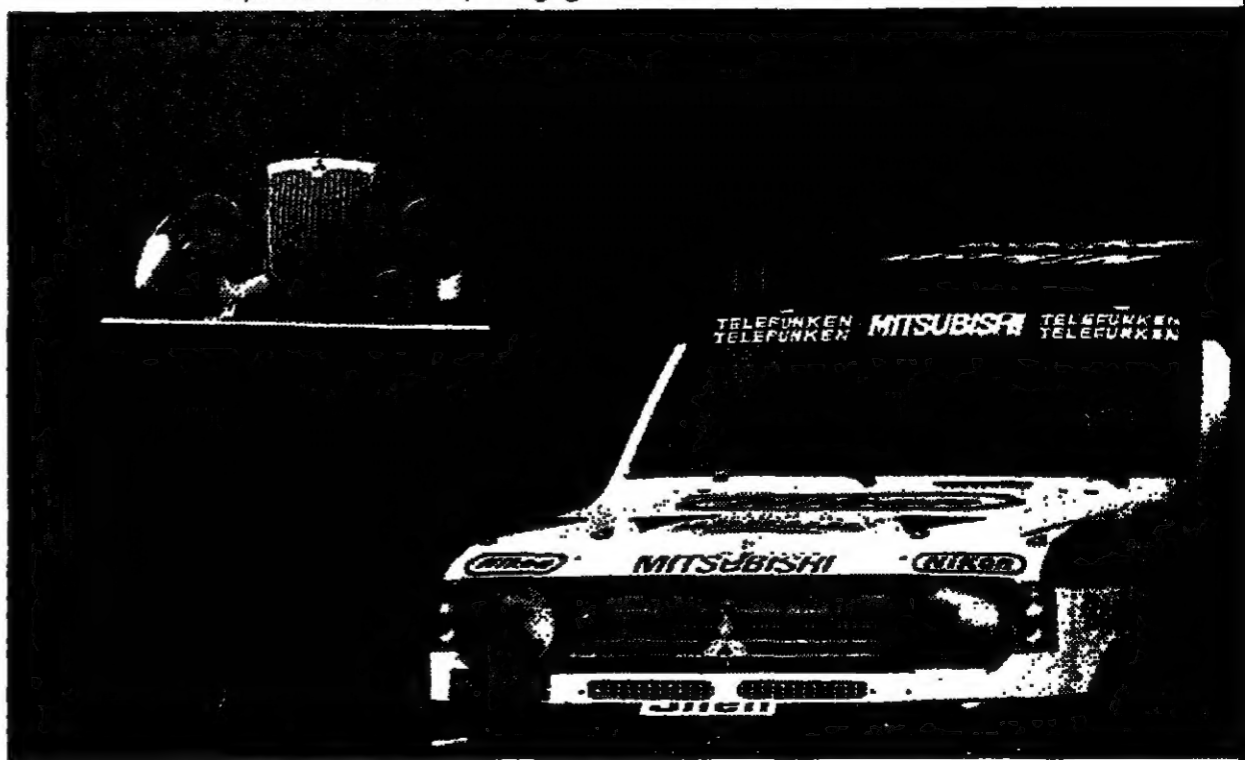
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passed away at 3:45 on January 22, 1987. Mass will be held for him at 12 noon on January 28 at the American Cathedral, 23 Avenue George V, Paris 8^e.

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Couture, Having A Ball

By Hebe Dorsey

PARIS — Madness reigns. In the second day of the spring-summer couture showings, puffs and powder puffs alternated with ballerinas and baby dolls and every woman worth her fashion salt will have to have a bustle or at least a "tux-cul," as it was called in the 1880s.

Both Karl Lagerfeld for Chanel and Emanuel Ungaro went all the

PARIS FASHION

way on this new wild tangent. The bottom line is an irrepressible desire for fun, especially in the evening.

When Ungaro introduced circus colors a few seasons ago, they were judged harsh and garish. Yesterday, they were right on target as the whole collection, one of the most accomplished this designer has produced.

One of the most prolific, exuberant and technically competent designers, Ungaro kept working on his favorite themes — peplumed skirts, draped dresses — but pushed them several notches further. Evening puffs and bubbles were on the same wavelength as Christian Lacroix's, but somehow more adult.

This was an important collection with important clothes, built around short, puffed-up sleeves, wide-spread lapels were lined with stark white pique, others cascaded down the front like huge boots. One single and contrasting lapel dipped asymmetrically to the knee. Double and triple peplums, often lined in contrasting color, stuck out under tightly cinched waists. The bride wore an enormous, ruffled Queen Elizabeth I collar.

The best dresses were draped all the way to the hem, breaking into ruffles over layers of petticoats.

The big, puffed sleeves which ran through the whole collection, grew even bigger in evening dresses where they were deftly puckered as were the full, bouffant skirts.

Ungaro told his story with rich, heavy and stiff fabrics — satins, organzas, crepe, ottomans, shantung and shimmering moirés. Besides solids, he also showed iridescent pastels and giant-sized polka dots. The pejamars at the end were topped by long, floating coats and nothing underneath — a naughty, naughty thing the Ungaro of past seasons would never have dared put across.

At Chanel, the program now talks of "neo-Chanel" suits which, as Lagerfeld put it before the show, "are no longer classic." Everything has been changed and turned around, he added, pointing out that the proportions were different, with rounded jackets closing asymmetrically. The famous Chanel cuffs were switched around so that the buttons are now underneath.

Cropped boleros or long cardigans replaced the regular Chanel jacket. As for hats, many of which were big, feathered concoctions inspired by Marie Antoinette, they were the maddest in Paris, and a far cry from the famous Chanel boater. There were still some Chanel echoes in the use of fabrics (soft tweeds and jerseys), the colorings (beige and tricolors), and in the braiding edging most of the suits. The camels were familiar too.

Pretty, high-waisted dresses glided over the body, erasing all curves. Lagerfeld said he had to anchor them on a tight corset. Many of these dresses were black on black, with black chiffon outlined with black satin. The cage dress was another favorite, with the body seen through a transparent outer chiffon layer. One was black, the other navy, and both had a grace and a



Chanel's sharply-angled petticoats, left; right, Ungaro's evening puff.

sense of mystery which contrasted with the ballerinas, their petticoats standing out at a sharp angle, like peacocks in full spread.

With this collection, the house of Dior marked the 40th anniversary of the New Look, when the late

Christian Dior revolutionized fashion and put Paris back on the map. So naturally, the first suit on the runway was this famous antique, complete with a bouquet of lilies of the valley, the favorite flowers of the late designer.

Maybe influenced by all this, Marc Bohan showed a lot of pretty suits, with nipped-in jackets over short, pleated skirts.

Yesterday, a picture was misidentified. The white lace dress was by Cardin, not Scherrer.

A Too-Relaxed 'Holiday'

By Robert Cushman

LONDON — As a devotee of American comedy I would like to believe that Philip Barry's 1928 piece "Holiday" is a funnier play than it seems to be in its revival at the Old Vic.

It is the kind of piece in which a rich father calls his daughter "Daughter" as a guarantee of style: his own style, that is, and by extension the play's as well. Daddy in this case is a very rich New Yorker whose beautiful girl gets herself engaged to a young man of obscure origin but excellent business prospects. But though he can make money, he cares about other things, which renders him extremely suspect to the family he is about to marry into. The only one who understands him is his prospective sister-in-law, an ugly duckling who has been chafing against the family bonds for years.

It takes Barry three leisurely acts to bring this obviously-matched couple together, and at that he postpones the climax until after the final curtain. That relaxation could have all the qualities that plays aspires to. Relaxation, though, is one thing, inertia another, and Lindsay Anderson's production is appallingly stolid. It is also, except perhaps for better-off purposes, bizarrely cast. Having a real married couple playing your hero and heroine is traditionally intriguing, but Malcolm McDowell and Mary Steenburgen strike no sparks from the text or from each other.

McDowell, in a role made famous only as far down the Hollywood romantic line as Douglas Fairbanks Jr. He has gone silly on top and seems kind. He has stage confidence, but no stage presence. The opposite is true of Steenburgen, who worries away at her lines

in a piping twang, standing with legs akimbo in a strange black shiny dress and swaying.

The title derives from the hero's wish to take a couple of years off from the rat race and enjoy himself, a mild enough ambition but Manhattan's big money people are

THE LONDON STAGE

scandalized. Barry strikes his deepest notes in the character of an alcoholic heir who also wants to escape but has been terrorized by family tradition. Frank Grimes gives him an electrically shaky performance. Cherie Lunghi as the rejected rich bitch is not only the prettiest person on stage, which is called for, but the most attractive, which isn't. That she unbalances the play is hardly her fault.

Nobody unbalances "Three Men on a Horse" at the National Theatre, not even Gemma Craven as a Broadway showgirl turned gambler's moll. Actually her cartoon performance is heroically restrained compared with some of her recent work at the National, and it comes off in a high-kicking bit that enables her to burlesque her own distinguished career in musicals. The trio of small-time hoods with whom she is involved may make you realize all over again how good is the book of "Guys and Dolls." In comparison the dialogue of this 1935 work by John Cecil Holm (the late) and George Abbott (100 this year) is not especially flavorful. But Abbott has always known how to take care of business, and by the end the Runyonesque proceedings are handing out very big laughs indeed.

Jonathan Lynn's production obeys the first law of farce, often preached but rarely practiced: its characters take themselves very se-

riously. Geoffrey Hutchings, indeed, is positively devout in his account of a greetings-card versifier, squeaky-voiced and squeaky-clean, who has an infallible gift for picking the winning nag in any race. He never bets himself; that would spoil things, and besides he can't afford it. (This is a play that knows there's a depression on.) But he encounters three professional gamblers, and endows them for a time with unendowed success.

Apart from its incidental music, which is cool '50s jazz, the production is right in period but never trades on it. It even catches the beating cliché of vintage comedy revivals, the all-dancing curtain-call. (There is a particularly gruesome example in "Holiday"). The play itself dances, right through to an ending that balances perfectly between wish-fulfillment and rude disillusion.

The first great French classical tragedy, Corneille's "The Cid" (1636), is, strangely enough, a comedy. At least its hero and heroine end up alive, and even with some hope of being united. It is a heroic comedy: that is to say, its characters live — and manage, for the most part, not to die — by strict codes of love, honor and revenge. To us they may seem absurd. The achievement of Declan Donnellan's production for his Cheek by Jowl company at the Warehouse is to accept and capitalize on this. The king of Spain (the splendidly quizzical Hugh Ross) has doubts about the codes, and he becomes the production's spokesman.

This isn't what Corneille wrote: he celebrated the virtues that the production satirizes. But the satire is never gross or crude; it implies the original values even if it cannot embody them. There seems to be another, more bombastic play going on in the wings of this modern-dress Romanist one. This is quite a balancing act, and the players would have to be more experienced to bring it off completely. They do so bravely, though. Adam Gillis is the Cid, a youthfully invincible warrior who kills his beloved's father, thereby condemning her to four acts of agonizingly mixed emotions. These are played with wit, and occasionally with searing immediacy, by Patricia Kerrigan, who seems to be wearing the same black dress as Mary Steenburgen. On her it looks good.

Robert Cushman is a London-based theater critic and broadcaster.

LANVIN PARIS

Haute Couture Maryll Lanvin

22, rue du Faubourg Saint-Honoré, Paris

DOONESBURY



NYSE Most Actives				
Symbol	Vol.	High	Low	Chg.
IBM	2,381,100	127 1/2	127 1/4	+1/4
AT&T	1,250,000	47 1/2	47 1/4	+1/4
GE	1,100,000	34 1/2	34 1/4	+1/4
Merck	800,000	52 1/2	52 1/4	+1/4
Boeing	750,000	48 1/2	48 1/4	+1/4
Johnson & Johnson	700,000	28 1/2	28 1/4	+1/4
Amgen	650,000	24 1/2	24 1/4	+1/4
Amgen	600,000	24 1/2	24 1/4	+1/4
Amgen	550,000	24 1/2	24 1/4	+1/4
Amgen	500,000	24 1/2	24 1/4	+1/4

Market Sales		
NYSE adv. vol.	NYSE adv. value	NYSE adv. shares
1,250,000	\$1,250,000,000	1,250,000,000
1,100,000	\$1,100,000,000	1,100,000,000
1,000,000	\$1,000,000,000	1,000,000,000
900,000	\$900,000,000	900,000,000
800,000	\$800,000,000	800,000,000

NYSE Index				
High	Low	Close	Chg.	Chg. %
1,250.00	1,240.00	1,245.00	+5.00	+0.40
1,240.00	1,230.00	1,235.00	+5.00	+0.40
1,230.00	1,220.00	1,225.00	+5.00	+0.40
1,220.00	1,210.00	1,215.00	+5.00	+0.40

NYSE Closing				
Symbol	Vol.	High	Low	Chg.
IBM	2,381,100	127 1/2	127 1/4	+1/4
AT&T	1,250,000	47 1/2	47 1/4	+1/4
GE	1,100,000	34 1/2	34 1/4	+1/4
Merck	800,000	52 1/2	52 1/4	+1/4
Boeing	750,000	48 1/2	48 1/4	+1/4

AMEX Diary				
Symbol	Vol.	High	Low	Chg.
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NASDAQ Index				
High	Low	Close	Chg.	Chg. %
1,250.00	1,240.00	1,245.00	+5.00	+0.40
1,240.00	1,230.00	1,235.00	+5.00	+0.40
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1,220.00	1,210.00	1,215.00	+5.00	+0.40

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Dow Jones Bond Averages				
Symbol	Vol.	High	Low	Chg.
IBM	2,381,100	127 1/2	127 1/4	+1/4
AT&T	1,250,000	47 1/2	47 1/4	+1/4
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Merck	800,000	52 1/2	52 1/4	+1/4
Boeing	750,000	48 1/2	48 1/4	+1/4

Odd-Lot Trading in N.Y.				
Symbol	Vol.	High	Low	Chg.
IBM	2,381,100	127 1/2	127 1/4	+1/4
AT&T	1,250,000	47 1/2	47 1/4	+1/4
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Dow Jones Averages				
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Merck	800,000	52 1/2	52 1/4	+1/4
Boeing	750,000	48 1/2	48 1/4	+1/4

Standard & Poor's Index				
High	Low	Close	Chg.	Chg. %
1,250.00	1,240.00	1,245.00	+5.00	+0.40
1,240.00	1,230.00	1,235.00	+5.00	+0.40
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NASDAQ Diary				
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AMEX Stock Index				
High	Low	Close	Chg.	Chg. %
1,250.00	1,240.00	1,245.00	+5.00	+0.40
1,240.00	1,230.00	1,235.00	+5.00	+0.40
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1,220.00	1,210.00	1,215.00	+5.00	+0.40

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Surges to Record High

Compiled by Our Staff From Dispatches

NEW YORK — The Dow Jones industrial average finished at a record high Tuesday, only two days after the market experienced some of its most volatile activity ever. Trading was active.

The Dow Jones industrial average, which gained 5.76 Monday, rose 43.17 to 2,150.45, surpassing the previous high of 2,145.67 set Thursday.

Advances led declines by nearly a 3-2 ratio. Volume was about 190.48 million shares, up from 138.8 million Monday.

Prices were higher in active trading of American Stock Exchange issues. Dealers reported strong buying after investors decided that Friday's 44.15-point drop was a mere correction in a bull-market rally that, with Tuesday's gain, has lifted the Dow average 250 points this month.

A further weakening of the dollar buoyed expectations for U.S. trade figures and corporate profits. Futures-related buying also added strength.

An announcement that Stone Container Corp. signed an agreement to acquire the outstanding shares of Southwest Forest Industries made Southwest the third-most actively traded issue, gaining 7 1/2 to 31 1/2, and provided some impetus for gains in other paper and lumber stocks.

International Paper rose 3 1/2 to 92 1/2. Kimberly-Clark 2 1/2 to 98 1/2. Potlatch 2 1/2 to 69 and Union Camp 1 1/2 to 62 1/2. This group has been buoyed recently by a falling dollar, which makes them more competitive overseas, and good earnings prospects.

"The dollar is a double- or triple-edged sword," said Gary Ciminero of Fleet Financial Group. "It could mean greater foreign currency translation gains from foreign operations, and that helps profits of U.S. companies."

"The lower dollar also improves the competitive edge of certain companies like the paper companies and lumber companies," he added. He noted that the price of their goods has fallen considerably overseas because of the dollar's decline.

Boise Cascade, the forest products company, rose 4 1/2 to 79 1/2. The company told analysts at a meeting it expected 1987 earnings to be sharply higher than the \$101.5 million or \$3.32 a share it earned in 1986.

The technology group, another sector that has benefited from the dollar's recent weakness, resumed its leadership role in the market after a brief respite. IBM jumped 2 1/2 to 129 1/2, Digital Equipment 2 1/4 to 146 1/2, Prime Computer 1 1/2 to 22 1/2, and Research.

Hewlett-Packard led the actives with a gain of 1 1/2 to 49 1/2. "A great many futures buy programs came in sporadically throughout the day," said Brad Weekes, a trader with Donaldson, Lufkin & Jenrette. Some analysts noted that ample arbitrage opportunity was provided by futures programs, which are linked in part to stocks in blue chip indices that are will go ex-dividend soon.

"We were heavily weighted on the buy side with institutions," Mr. Weekes added. "There is all this new money coming in and they don't want to put it into bonds because rates are so low, so they have to put it somewhere and they are putting it in stocks."

(UPI, Reuters)

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WEDNESDAY, JANUARY 28, 1987

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INTERNATIONAL MANAGER

Personal Liability Insurance
Popular in a High-Risk AgeBy SHERRY BUCHANAN
International Herald Tribune

LONDON — More managers are running for cover at greater cost. Confronted by tougher laws on insider trading and insolvency, an increase in mergers and takeover bids and the subsequent threat of shareholder suits, directors and company officers are taking out insurance to cover legal costs and damages.

Most of the major underwriters in London, including Lloyd's of London and American International Underwriters, offer managers personal liability insurance plans.

"The legal climate is such that directors ought to be able to insure themselves to enable them to do their job properly," said Andrew Hutchinson, a manager of Directors, a management lobbying group in London. For £250 (\$375) a year, the institute offers members a personal liability plan with a maximum annual coverage of £100,000.

The institute has one of the few British plans through which directors can take out insurance individually. Most other brokers offer a blanket plan for a full board, according to American International Underwriters, the average cost is £10,000 a year.

The Institute of Directors introduced its plan 15 months ago after deciding that the Insolvency Act of 1986, which aims at punishing blatantly dishonest directors, was too tough on honest ones and could dissuade them from serving as directors. So far 120 members have subscribed to the plan.

It is clear, however, that directors and officers cannot insure themselves against criminal penalties.

"If you have been a naughty boy you have to carry the can," said Nick Stanbury, a commercial liability executive with Directors & Officers Ltd., which is part of Legal Protection Group Ltd. The group's plan insures corporate boards for up to £1 million a year.

"Criminal penalties cannot be indemnified under any insurance policy," Mr. Stanbury continued. "It is void as being against public policy."

BUT THE Directors & Officers plan does cover claims for damages "which flow from court action which suggests fraud or wrongful action if the director is not found guilty of fraud," according to Mr. Stanbury.

The plan also covers lawyers' costs during an official inquiry or an investigation by the Department of Trade and Industry (such as the one being carried out now in the Guinness affair) or the London Stock Exchange.

One gray area is whether personal liability insurance policies cover legal fees when directors are found guilty of a criminal offense.

The difficulty for the underwriter is in judging beforehand whether a board has a reasonable defense. If the underwriter does decide that a board has a reasonable defense, it may cover part of the legal fees. If directors are then proven guilty of fraud, it is debatable whether the underwriter can recover the money it has spent.

As corporate boards seek insurance coverage, premiums in the London market are increasing.

"The premiums are steadily going up in Britain because of the news on insider dealing and the awareness of what is going on in the United States," said Malcolm Nightingale, an underwriter with American International Underwriters in London.

"Premium rates have tended to go up partly as a result of international exposure," said Mr. Stanbury of Directors & Officers. He noted that premiums were particularly high for British companies with large U.S. subsidiaries and exposure in the U.S. market.

"It is rare to review directors' and officers' personal liability policies without asking for an increase," he said. "Depending on See INSURANCE, Page 13"

USX Took
Charge on
CutbacksLost \$1.4 Billion
In 4th Quarter

PITTSBURGH — USX Corp. announced Tuesday that it had taken a pretax charge of \$1.5 billion in the fourth quarter to reflect the costs of a restructuring program, leading to a loss of \$1.42 billion for the quarter and \$1.83 billion for the year.

The report capped a tumultuous year for the ailing steel and energy concern, which fended off a takeover bid and had a lengthy strike by steelworkers.

The company said the charge mainly reflected the write-down of outmoded assets and the recognition of labor and other costs related to idling parts of its steel, coal, agricultural and oil service operations.

The charge also reflects a decline in the value of some oil and natural gas assets, said USX, which formerly was known as U.S. Steel. The company said the write-down affected all of its industrial sectors.

USX's share price fell 75 cents Tuesday to close at \$23.125 on the New York Stock Exchange.

The \$1.42 billion net loss in the fourth quarter, which came on sales of \$2.77 billion, compares with a net profit of \$89 million, or 25 cents a share, on \$3 billion in sales for the fourth quarter of 1985.

The \$1.83 billion loss for 1986, on sales of \$14.9 billion, follows a profit of \$598 million, or \$1.94 per share, in 1985.

"Our ongoing restructuring plan targets approximately \$1.5 billion in asset sales over the next two years," the company's chairman, David M. Rockefeller, said in a statement. "And the transfer of assets of the steel and domestic oil operations to a wholly owned subsidiary."

USX's steel division has been See USX, Page 13



T. Boone Pickens on the move: "I have the flexibility to do a lot of things."

Pickens Sets Sights Farther Afield
Mesa's Transfer Opens Door for Non-Energy TakeoversBy Thomas C. Hayes
New York Times Service

AMARILLO, Texas — T. Boone Pickens is not saying much about it, but when the last remnants of his Mesa Petroleum Co. are transferred in early February to its successor, Mesa Limited Partners, the Texas oilman will be free to pursue corporate takeovers outside the energy business.

In Wall Street's view, Mr. Pickens proved his financial prowess in Mesa's raids against Gulf Oil Corp., Phillips Petroleum Co. and Unocal Corp. in 1984 and 1985. He has generated more than \$400 million in after-tax profits for his independent oil company since 1981 with those takeover campaigns and other investments.

Some of Mr. Pickens's former associates and some Wall Street analysts say privately that he has secured agreements to raise \$3 billion or more from investors to finance takeovers outside the oil industry. That sum, in theory, is enough to buy majority control of any but a handful of the largest American corporations.

For now, Mr. Pickens is keeping his own counsel. "People have all these images," he said during an interview in his Amarillo office.

Most of his activities, he said, including Mesa's current hostile bid for a large stake in Diamond

A Tally of Pickens Profits

Year	Total Net Income (Millions)	Takeover Attempts And Investments	Net Income From Takeovers (Millions)
1981	\$115.0	—	—
1982	\$128.9	Supron Energy Corp. Cities Service	\$43
1983	\$125.9	General American Superior Oil	\$36
1984	\$270.2	Gulf Oil	\$213
1985	\$167.5	Phillips Petroleum Unocal	\$112
1986*	\$61.9	—	—

*After tax. Reported through Sept. 30 for Mesa Limited Partners. *Takeover attempt.

Shamrock Corp., are designed to increase Mesa's natural gas reserves. Mr. Pickens says he believes that acquisitions, rather than exploration, will be the least costly way for independent energy companies to grow for several years.

In fact, Mesa, one of the largest of the independents, has more than doubled its natural gas reserves since 1983, to 2.1 trillion cubic feet (60 billion cubic meters), with most of the increase coming from its friendly acquisition of Pioneer Corp. last year.

Mesa could add another 1.2 trillion cubic feet if it wins Dia-

mond Shamrock. Typically, about 90 percent of Mesa's reserves and 60 percent of its revenues are derived from natural gas sales. Mesa earned \$61.9 million in the first nine months of 1986, a sixfold increase from \$9.9 million in the same period of 1985.

Under agreements made when Mesa Petroleum was converted to a limited partnership in December 1985, Mr. Pickens, who is 58, has not been permitted to initiate any takeover attempts through the partnership that were outside the energy field. A similar restriction has applied to his three key financial advisers.

See PICKENS, Page 15

Japan to Extend
Quotas on Auto
Exports to U.S.By Susan Chira
New York Times Service

TOKYO — In an effort to head off growing protectionist sentiment in the United States, Japan announced Tuesday that it would continue its voluntary restraints on automobile exports to the United States for a seventh year.

Hajime Tanuma, the minister of international trade and industry, said the quota for automobile exports would be 2.3 million cars, the same level as in the previous two years. He said the ministry believed that without the restraints, automobile exports to the United States would have increased and exacerbated trade frictions.

Automobile exports accounted for more than one-third of Japan's trade surplus with the United States last year, \$16.8 billion of a total \$43.3 billion in the fiscal year running from April 1985 to March 1986, according to the ministry.

Some U.S. automakers and the United Auto Workers union, citing the current \$51.5 billion trade deficit with Japan, had called for a reduction in the number of cars shipped to the United States.

The proposal triggered a heated debate within the Japanese government, according to press reports.

Some officials argued that a cut in automobile exports would be a dramatic gesture that might avert further trade friction, while others argued that to do so would hurt the automobile industry, already suffering from a strong yen, and increase unemployment.

Mr. Tanuma said that a reduction in shipments had been considered, but rejected.

"Japan is neither a subject country nor a colony of the United States," he said. "Considering that the Japanese economy is in a recession because of the strong yen and foreign cars are entering Japan, I am sure that the United States Congress and the United States auto industry will welcome this decision."

The announcement that the restraints would continue came early this year, the restraints do not actually expire until March 31.

The early timing of the an-

Japan's Output
Lower for First
Time in 11 Years

Reuters

TOKYO — Japanese industrial output last year fell for the first time in 11 years, the Ministry of International Trade and Industry said Tuesday.

It said output at the nation's factories and mines in 1986 fell 0.4 percent. Production of electrical and precision machinery increased, but output of general machinery, steel and transportation equipment slowed, a ministry official said.

Japanese businessmen were particularly concerned over the yen's growing strength, which slowed exports, the official said.

The ministry does not have a forecast for calendar 1987, but has projected that industrial output in the financial year beginning April will grow 2.2 percent, the official said. Production for the current financial year is expected to decline 0.3 percent, he said.

announcement shows the government's desire to act quickly to put a difficult issue behind it. Two years ago, the announcement that Japan would allow auto exports to the United States to grow by 24.3 percent touched off what may have been the most severe trade crisis between the two nations since World War II.

The early decision also reflected a broad agreement among Japanese automakers that continuing restraints were not only inevitable but, in some ways, desirable.

Even before the official decision was made, a number of leading Japanese automobile executives said they thought it would be impossible to end the auto restraints this year, given the large U.S. trade deficit with Japan and a Democratic majority in Congress resolved to

See QUOTAS, Page 13

Cathay, Seeking Link,
Sells 12.5% to Chinese

Agence France-Press

HONG KONG — An investment group controlled by Beijing will acquire a 12.5 percent stake in Cathay Pacific Airways for 1.9 billion Hong Kong dollars (\$245 million), the airline's parent company announced Tuesday.

China International Trust & Investment Corp. will acquire 362 million shares of Cathay under an agreement reached with Swire Pacific Ltd., which owns 53 percent of the airline's shares, and Hongkong & Shanghai Banking Corp., which owns 23 percent, Swire said.

The transaction will reduce Swire's stake in Cathay to just over 50 percent and Hongkong Bank's interest to 16 percent. Michael Miles, Swire's chairman, emphasized Swire's retention of an "absolute majority" in the airline.

Analysts said that the purchase would give Cathay the Chinese link it needs to compete with Dragonair, Hong Kong's fledgling carrier. Dragonair enjoys strong ties with Beijing, which is to resume sovereignty over the British colony in 1997.

Dragonair, incorporated in July 1985 and chaired by Sir Y.K. Pao, the Hong Kong property and shipping magnate, has emphasized its local identity versus Cathay's link to London.

To bolster Cathay's local image,

company officials listed the airline on the Hong Kong stock exchange last year.

CITIC is to buy 212 million new shares issued by Cathay at five Hong Kong dollars (64 cents) a share and 146 million existing Cathay shares from Hongkong Bank at six dollars each.

Cathay shares closed Friday at 5.60 dollars in Hong Kong trading and Swire closed at 19.20 dollars. Both Swire and Cathay voluntarily suspended trading Monday amid rumors of the Chinese purchase.

Mr. Miles's remarks at a news conference suggested that the sale was a political move for Cathay.

Despite the Chinese investment in Cathay, he said he foresaw no changes in Cathay's daily flight schedule between Hong Kong and Taipei.

In another development, Hong Kong's Air Transport Licensing Authority granted Dragonair licenses Tuesday for scheduled flights on 20 routes from Hong Kong to China, Japan, Guam and Nepal.

Dragonair currently operates chartered flights from Hong Kong to six destinations in China and four flights, three of them scheduled, to Thailand.

Trading in Cathay and Swire shares will resume on Monday, officials said.

BA Sets Price at 125 Pence
For February Public Offering

Reuters

LONDON — Britain's government-owned airline, British Airways, which will be sold to the public next month, was priced Tuesday at 125 pence a share, in line with analysts' projections. At that price, the issue would raise about £900 million (\$1.37 billion).

The merchant banker Hill Samuel, which is handling the stock market flotation, said 720.2 million ordinary shares would be offered. The full 125 pence price can be paid in two installments, 65 pence on application and 60 pence by Aug. 18, it said.

Many analysts had expected the price to be around 120 pence, valuing the company at £864, although some reports had put the price at around 130 pence.

The application list for shares will close Feb. 6 and trading on the London Stock Exchange will begin on Feb. 11.

The sale is the latest phase in the Conservative government's privatization program.

Government assets such as British Telecom and British Gas have already been sold to the public.

According to a draft prospectus released on Jan. 8, BA is expected to record a 21 percent drop in pretax profit to £145 million for the current fiscal year ending March 31, from £183 million a year earlier.

Analysts said they expected a turnaround in 1987/88, but the decline in profit was expected to deter some investors.

However, BA company officials said Tuesday they were confident that the offer would be oversubscribed.

They said that about 500,000 members of the public had already registered their interest.

"Interest both here and overseas has been very satisfactory and the response from financial intermediaries and the general public has been high," David Bucks of Hill Samuel said.

The issue price gives British Airways a price/earnings ratio of 6.3 times forecast earnings for the current year of 19.9 pence a share, Hill Samuel said.

The minimum investment in the flotation has been set at £500.

Currency Rates

Currency	Rate	Change
Australian	2.51	1/2
Belgian	37.24	3/4
British	1.00	—
Canadian	1.29	1/4
French	16.55	1/2
German	1.78	1/4
Italian	1,376.00	1/2
Japanese	160.00	1/2
Netherlands	2.20	1/4
Portugal	200.00	1/2
Spain	166.67	1/2
Swedish	136.76	1/2
Swiss	1.48	1/4
West German	1.78	1/4
Yen	160.00	1/2

Currencies in London and Zurich. Rates in other European centers. New York rates of 4 P.M. (a) Commercial bank (b) Interbank (c) Forward rates (d) Forward rates to buy one dollar (e) Units of 100 (f) Units of 1,000 (g) Units of 10,000 (h) Units of 100,000 (i) Not available. (j) The New York Times, Jan. 27, 1987.

Currency	Rate	Change
Australian	2.51	1/2
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Portugal	200.00	1/2
Spain	166.67	1/2
Swedish	136.76	1/2
Swiss	1.48	1/4
West German	1.78	1/4
Yen	160.00	1/2

Interest Rates

Term	Rate	Change
1 month	6 1/4%	1/4
3 months	6 1/2%	1/4
6 months	6 3/4%	1/4
1 year	7 1/4%	1/4

Term	Rate	Change
1 month	6 1/4%	1/4
3 months	6 1/2%	1/4
6 months	6 3/4%	1/4
1 year	7 1/4%	1/4

Term	Rate	Change
1 month	6 1/4%	1/4
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Term	Rate	Change
1 month	6 1/4%	1/4
3 months	6 1/2%	1/4
6 months	6 3/4%	1/4
1 year	7 1/4%	1/4

Sources: Reuters Bank of Tokyo, Com Interbank, Credit Lyonnais.

Gold

Term	Rate	Change
1 month	6 1/4%	1/4
3 months	6 1/2%	1/4
6 months	6 3/4%	1/4
1 year	7 1/4%	1/4

Sources: Reuters Bank of Tokyo, Com Interbank, Credit Lyonnais.

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BUSINESS ROUNDUP

Jacobs Suchard Abandons Hero Bid

ZURICH — A three-week takeover battle involving two leading Swiss food companies ended Tuesday when Jacobs Suchard SA said it was abandoning its attempt to buy the preserved-food manufacturer Hero Conserven Lenzburg.

Jacobs Suchard, maker of Jacobs coffee and Suchard and Tobler chocolate, said it had agreed to sell back to Hero management a 30 percent stake in the company it bought from a Zurich bank on Jan. 5. It did not disclose the price.

At the same time, Hero announced a modification of its statutes aimed at strengthening what it called its "shareholder repellent" against unfriendly takeovers.

The Hero board feels it has a duty to protect the interest of minority shareholders and workers and to prevent large shareholders stripping away its assets," the chairman, Alfred Sarasin, said at a joint news conference with Jacobs.

Hero shares fell sharply on the news, with the most-traded bearer shares hitting a low of 3,500 Swiss francs (\$2,280), from Monday's closing of 4,500 francs. Jacobs shares were little changed.

Jacobs Suchard, which also recently took over the U.S. confectioner E.J. Brach, said Jan. 15 that it had taken a sizable minority holding in Hero and aimed to continue buying shares in the open market.

Hero called the move "unfriendly" and said it would use special rights in its charter to refuse to allow Jacobs to vote the registered shares that it acquired.

Jacobs Suchard, apparently surprised by the extent of Hero resistance, said Tuesday that it continued to believe that it would make good business sense for the companies to work together.

However, given the hostility of the Hero board, it had decided to

abandon its takeover plans. It retained a limited right of first refusal, should Hero management want to sell its entire stake or a large part of it and said both had agreed to look at possible cooperation.

Hero, whose 1985 revenue of 425 million Swiss francs was dwarfed by Jacobs Suchard's 5.4 billion francs, said it would propose to a special shareholders meeting a plan to strengthen the company against takeover bids.

In particular, the company wanted to convert all of its bearer shares outstanding, around two thirds of total share capital, into registered shares and planned a simultaneous issue of 100,000 nonvoting participation certificates.

Hero introduced in 1985 a number of restrictions on ownership of registered shares, reserving the right to refuse entry into the share register. Those who are not registered cannot vote.

Iberia Air to Report Profit For '86, First in a Decade

MADRID — Spain's government-owned Iberia Air Lines will announce a small profit for 1986, the carrier's first in 10 years, the company chairman, Narcis Andreu, says.

"We expect to be slightly over the break-even point after the previous year's 9.13 billion pesetas [about \$70 million] loss," he said. He said improved operations led to a cash flow of 19 billion pesetas last year, compared with a cumulative negative cash flow of 9 billion pesetas from 1981 to 1985.

"Some external factors like the drop in aviation fuel prices helped put us in the black," Mr. Andreu continued. "We also achieved better results with a more rational adjustment of supply and demand."

He noted, for example, that Iberia reduced flights to the United States when U.S. tourism dropped last summer and added flights to Latin America. "Thanks to this cutback and the use of smaller aircraft we operated at 88 percent capacity on U.S. routes last August. The route to Tokyo we inaugurated last year was also an important source of income."

He said that income from sales rose 1.4 percent to 280 billion pesetas last year from 1985 and that Iberia expected to report an improved profit this year, depending largely on such external factors as renewed terrorism, the value of the dollar and the cost of fuel.

BUSINESS PEOPLE

Clark Presses Baker-Hughes Merger

By Arthur Higbee
International Herald Tribune

Earnest Hubert Clark Jr., who is scheduled to become chairman of a merged Baker International Corp. and Hughes Tool Co., says he hopes to show the U.S. Justice Department there is no reason to block the proposed merger.

Mr. Clark, now Baker's chairman and chief executive, "has come to be regarded as something of a spokesman for the industry," Elizabeth Peck, an analyst with Wertheim & Co., told The New York Times.

The Baker-Hughes merger, announced in October, would create one of the world's largest oil services companies, on the scale of Schlumberger or Halliburton, and would help Baker survive in the embattled sector. But the Justice Department has sued to block the merger on antitrust grounds.

Mr. Clark said Monday in a telephone interview with the Times from Baker's headquarters in Orange, California, "We're still negotiating with Justice to try to find a common ground that makes them happy and us happy."

Mr. Clark, 60, transformed Baker from a modest company into a leading industrial enterprise during his 40-year tenure. But his credibility suffered in the early 1980s, analysts said, when he bowed to the view that oil prices would not go down.

Mr. Clark grew up near Los Angeles and graduated from the California Institute of Technology in 1947, joining Baker Tools Inc., now Baker International, the same year. He was named president in 1962 and chairman and chief executive in 1969.

International Aero Engines AG, a consortium registered in Zurich with ownership shared by U.S., British, Japanese, West German and Italian firms, has promoted Nicholas R. Tomassetti, 51, from vice president for marketing to president and chief executive officer. He succeeds Robert E. Rosati, 61, who has headed the company at its East Hartford, Connecticut, operating center since it was formed in 1983 and who is now retiring. Both were seconded to IAE from the Pratt & Whitney unit of United Technologies Corp., which, like

Ogilvy & Mather Gets Jody Powell

United Press International

WASHINGTON — Jody Powell, who served as President Jimmy Carter's press secretary for four years and is now a syndicated columnist, has been named chairman and chief executive officer of Ogilvy & Mather Public Affairs.

Thomas C. Griscorn, executive director of the National Republican Senatorial Committee and press secretary to Senator Howard Baker, Republican of Tennessee, when he was Senate majority leader, was named president and chief operating officer.

Mr. Powell, 43, is a Democrat; Mr. Griscorn, 37, a Republican.

The firm, which specializes in public issues and research, is part of the Ogilvy & Mather Public Relations Group.

John R. Meinert, 59, senior vice chairman, will become chairman. The posts of chairman and chief executive had been vacant since last October, when Richard P. Hamilton, 55, resigned unexpectedly.

Henkel France, the French unit of the Düsseldorf chemicals group, has promoted Wilhelm Bördlein, 59, who has been manager for chemical products, and Thierry Vial-Collet, 40, marketing manager, to be vice presidents-general managers under the president and chief executive officer, Guy van Waddingen, 59. Henkel France has grown from 586 million francs (\$96 million at current exchange rates) in 1975 to 2.9 billion francs last year.

Tucker, Anthony & R.L. Day Inc., New York brokerage subsidiary of the John Hancock Life Insurance Co. of Boston, has opened a London office with Iain C. Stewart-Hunter and T. Anthony Lewis as co-managers. They were recruited from Moseley Securities Corp., as were four colleagues: Stanley J. Phipps, Christopher J. Towell, Michael T. Hall and Barbara MacLean. Executives from Tucker in New York and Moseley in London met at the international stock exchange ski week in Italy last year and, as Tucker put it, the move snowballed from there.

Norfolk Plans Piedmont Talks

NEW YORK — Norfolk Southern Corp. has stated in a filing with the Securities and Exchange Commission that it intends to study the acquisition of Piedmont Aviation Inc., Piedmont said Tuesday.

Norfolk Southern holds 19.44 percent of Piedmont's stock, which rose \$8.50 to close at \$38 on the New York Stock Exchange on Tuesday.

Piedmont said no proposal had been made yet by Norfolk Southern.

Cadbury Will Study Stock Purchase by General Cinema

Compiled by Our Staff From Dispatches

LONDON — Cadbury Schweppes PLC will scrutinize the implications of General Cinema Corp.'s purchase of shares in the company, particularly in the context of the international soft drinks industry, its chief executive, Dominic Cadbury, said Tuesday.

Cadbury shares had dipped 2 pence to £2.26 by midsession Tuesday in trading on the London Stock Exchange.

General Cinema, a leading theater chain owner and the largest independent soft-drink bottler in the United States, announced Monday that it had acquired 46.5 million shares, or 8.3 percent, of Cadbury Schweppes.

General Cinema, based in New

York, said it had acquired the stake in the London-based beverage and confections concern for about \$136.5 million in open-market purchases on the London Stock Exchange, starting about five months ago. The company said it had bought the shares for investment purposes only.

It added that it was filing for U.S. regulatory permission to buy 15 to 25 percent of Cadbury stock. But it said it had no intention of making an offer for all of Cadbury's stock for at least one year, barring any "change in circumstances affecting our investment."

Cadbury Schweppes has been rumored intermittently in recent months to be the possible target of a takeover bid, analysts said.

They speculated that General Cinema bought the shares in a "warehouse" operation with the eventual goal of selling them to a third party that would make an overall offer.

"It would be unlikely that they would make a bid," said Emanuel Goldman, a leading beverage analyst at Montgomery Securities Inc. in New York. "But they are likely to make sure the business is being run properly."

In 1979, General Cinema became a friendly investor in Columbia Pictures Industries and made a substantial profit when the company was sold to the Coca-Cola Co.

In 1984, General Cinema gained a 49 percent stake in Carter Hawley Hale Stores Inc. by siding the re-

tailer's fight to repel a takeover bid from The Limited Inc., and it has played a strong role in that company's management.

General Cinema's management may believe that Cadbury's control of half of the market for mixers, which are beverages used in mixed drinks, ultimately will be attractive to another buyer.

Last year, Cadbury acquired Canada Dry and Sunbelt from R.J.R. Nabisco Inc. for \$230 million, and it has bought a 30-percent stake in Dr. Pepper Co. (Reuters, NYT)

Fermenta Sale Of Unit Collapses

STOCKHOLM — A preliminary agreement between Monsanto Co. and Fermenta AB, the troubled Swedish biotechnology group, over the sale of Fermenta's U.S. agrochemical business has collapsed, Fermenta announced Tuesday. No reasons were given.

Fermenta's earnings forecast for 1986 included a profit of 270 million kronor (\$41.5 million) from the sale. The agreement was to have been completed this month.

Fermenta originally forecast earnings of 700 million kronor in 1986, but was forced to revise this to 40 million after auditors reported serious accounting irregularities. The police are investigating.

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COMPANY NOTES

Cockrell-Sambire SA reopened its steel plant in Liege, Belgium, after a weeklong strike over charges that management was pressuring some workers to accept a voluntary layoff program. Cockrell-Sambire wants to lay off 2,000 of 15,000 employees as part of a restructuring.

Consolidated Network Inc. has entered a program with MCI Communications Inc. to provide long-distance phone cards to the U.S. trucking industry. Users can make calls anywhere in the United States at rates 19 to 28 percent lower than American Telephone & Telegraph's calling-card rates, said Condata.

Consolidated Gold Fields PLC said in London that Gold Fields of South Africa Ltd. and Driefontein Consolidated Ltd. jointly hold 16.09 million ordinary shares in the company. Control Data Corp.'s unit, ETA Systems Inc., won a contract to add a second Cyber 205 supercomputer at Princeton University, one of

five U.S. supercomputing centers set up by the National Science Foundation. The price was not disclosed.

De Laurentis Entertainment Ltd., an Australian company recently formed by Dino De Laurentis, the film producer, will be floated through a local issue of shares at 50 cents (33 U.S. cents) each.

Kemagui Gumi Co.'s joint venture company in China is raising a \$110 million loan to finance the construction of a hotel and office complex in Beijing. Banking sources said that the 12-year loan, with a 3-year grace period, carries interest at half a percentage point over the London interbank offered rate for the first three years, rising to 10 and then 14 of a point.

Hoechst AG, the West German chemicals giant, said its American Hoechst Corp. unit had extended until Feb. 9 its \$2.85 billion tender offer for the stock of Celanese Corp. American

Hoechst said holders had tendered 79.8 percent of Celanese's common stock outstanding, 74.5 percent of its convertible preferred and 92.4 percent of its 7 percent preferred.

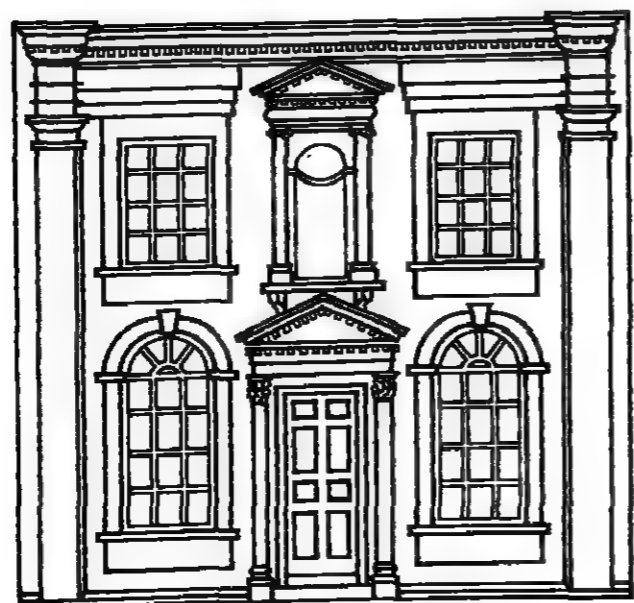
Koninklijke Nijverheid-Ten Cate NV, the Dutch textile and synthetics company, said its U.S. subsidiary, Royal Ten Cate USA Inc., had acquired an 80 percent stake in Bradley Materials Co. of Valparaiso, Florida.

Nixdorf Computer AG of West Germany said that profit increased in 1986 more than 15 percent. No profit figures were made public but the company said world group sales rose to 4.51 billion Deutsche marks (\$2.49 billion) in 1986 from 3.93 billion in 1985.

TI Group PLC has agreed to buy the specialized, European-based tubing business of Arco Inc. of the United States for about \$27 million (\$41 million) in cash.

Announcing the launch of NM INTERNATIONAL RESIDENTIAL PROPERTY FUND LIMITED

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RELOCATION

With effect from Monday, January 26, 1987,
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Our new telephone numbers will be:

RECEPTION	: 532235
TREASURY	: 533155
MARKETABLE SECURITIES	: 523241
COMMERCIAL BANKING	: 533051
TELEFAX	: 530110/533062

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remain unchanged.



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Floating-Rate Notes

Jan. 27		Coupon Next Bid Ask	
Dollars			
Issuer/Ref.	Coupon Next Bid Ask		
Alaska Finance Ltd.	6.50 12.00 99.98		
Albany 10	6.50 12.00 99.98		
Albany 15	6.50 12.00 99.98		
Albany 20	6.50 12.00 99.98		
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Albany 900	6.50 12.00 99.98		
Albany 905	6.50 12.00 99.98		
Albany 910	6.50 12.00 99.98		
Albany 915	6.50 12.00 99.98		
Albany 920	6.50 12.00 99.98		
Albany 925	6.50 12.00 99.98		
Albany 930	6.50 12.00 99.98		
Albany 935	6.50 12.00 99.98		
Albany 940	6.50 12.00 99.98		
Albany 945	6.50 12.00 99.98		
Albany 950	6.50 12.00 99.98		
Albany 955	6.50 12.00 99.98		
Albany 960	6.50 12.00 99.98		
Albany 965	6.50 12.00 99.98		
Albany 970	6.50 12.00 99.98		
Albany 975	6.50 12.00 99.98		
Albany 980	6.50 12.00 99.98		
Albany 985	6.50 12.00 99.98		
Albany 990	6.50 12.00 99.98		
Albany 995	6.50 12.00 99.98		
Albany 1000	6.50 12.00 99.98		

Boeing's New Airliner

Will Be a 150-Seater

SEATTLE — Boeing Co. said

Tuesday that it was concentrating

on a twin-aisle design for its proposed

777 airliner and developing a

new version of its 737 twin-jet air-

liner.

The 777, an "all new technology

airplane" with six abreast seating

for about 150 passengers, could be

introduced into service in 1992, a

Boeing spokesman, Dick Schleib,

said. The new 737 would seat 100 to

110 passengers and would use fuel

efficient engines and lightweight

materials.

The 777 is being developed as a

response to the demand for a new

airplane that can carry more passen-

gers than the 747, which is being

replaced by the 747-400, which is

expected to be introduced in 1990.

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BUSINESS ROUNDUP

Mobil, Chevron and Shell Net Down in Quarter

NEW YORK — Mobil Corp., the second-largest U.S. oil company, reported Tuesday earnings of \$201 million for the fourth quarter of 1986, a decline of 53 percent from a year earlier, because of sharply lower prices for crude oil and natural gas. Earnings for the year, however, rose 35 percent.

The books were bleaker for Chevron Corp. The fourth-quarter loss of \$86 million after taking a one-time charge of \$16 million for oil and gas wells that are no longer economical.

Chevron also cited "the effects of the most dramatic collapse in crude oil prices in decades."

Shell Oil Co., the seventh-largest U.S. oil company, said its fourth-quarter earnings were \$254 million, a decline of 61 percent from the final 1985 quarter.

The major U.S. oil companies have been hurt by the Organization of Petroleum Exporting Countries' eight-month pricing war, which cut world oil prices from an average of \$28 a barrel at the end of 1985 to about \$16 a barrel at the close of 1986.

Exxon Corp., the largest U.S. oil company, on Monday reported a decline of 18 percent in fourth-quarter earnings, and Amoco Corp., ranked fifth, reported a 58 percent decline.

Mobil said that in the fourth

quarter, its earnings of \$201 million represented 49 cents a share, down from \$425 million, or \$1.04 a share, a year earlier. Revenues fell 27 percent to \$12 billion from \$16.5 billion in the same 1985 quarter.

Earnings for 1986, however, rose 35 percent to \$1.40 billion, or \$3.44 a share, from \$1.04 billion, or \$2.55 a share, in 1985. Revenues dropped 18 percent to \$49.4 billion from \$60.6 billion.

Chevron's loss of \$86 million for the fourth quarter contrasted with a profit of \$601 million, or \$1.75 a share, in the year-earlier quarter. Revenues dropped 45 percent to \$5.9 billion from \$10.7 billion.

For the full year, Chevron's earnings declined by 54 percent to

Good 2d Half Forecast

By Racial Electronics

LONDON — Racial Electronics PLC said Tuesday that it expected good pretax profit in the second half of fiscal 1986 and satisfactory profit for the full year.

It announced pretax profit of £25.1 million (\$38.1 million) in the six months to Oct. 10 against £23.2 million in the same period the previous year.

QUOTAS: Japan to Keep Curbs on Auto Exports to U.S.

(Continued from first finance page)

Official comments on the ministry's decision from auto executives Tuesday reflected that attitude.

"While the decision is an unfortunate one, I feel that it was unavoidable," Mr. Toyoda said. Such comments are much milder than they have been in previous years.

Those familiar with the negotiations between the ministry and the auto industry said that this year, some automakers actually supported continuing the restraints.

In the past year, the rapid rise of

the yen against the dollar has sharply reduced the profits of several Japanese automakers.

Profits at Mazda, for example, dropped more than 70 percent from last year, and Nissan reported its first loss since World War II in the first half of this fiscal year.

Japanese automakers have been forced to raise prices in the very year that they faced new competition from South Korea, which began shipping cars to the United States last year.

USX: Takes Big Charge

(Continued from first finance page)

struggling with the industry's excess capacity and with foreign competition. The division posted an operating loss of \$1.37 billion for 1986 on sales of \$3.7 billion, compared with a \$14 million loss on sales of \$3.9 billion in 1985.

In August, the division's hourly workers walked out in a strike that developed into the longest steel shutdown in U.S. history. A tentative agreement was reached earlier this month with the United Steelworkers on a leaner labor contract. Members in nine states are voting on the new four-year contract, and the ballots are to be counted Saturday.

USX's large oil and gas division, which includes Marathon Oil, was hurt last year by the slump in energy prices.

The division's operating income plunged to \$42 million in 1986 on sales of \$9 billion from income of \$1.64 billion on sales of \$12.1 billion the previous year.

Phillips May Ask Exclusion From Oslo Oil Cuts

STAVANGER, Norway — Phillips Petroleum Co. Norway has asked the Norwegian government to exclude the Ekofisk oil field from moves to cut oil output on all Norwegian fields, oil industry sources said Tuesday.

Norway said earlier this month it would cut output by 7.5 percent for five months from Feb. 1 to cooperate with efforts led by the Organization of Petroleum Exporting Countries to boost oil prices.

The sources said that a 7.5 percent cut, combined with other measures this year, would force a 24.5 percent reduction in production from Ekofisk, a North Sea field operated by Phillips Norway, a unit of Phillips Petroleum Co.

A Phillips spokesman, Sander Bull-Gjertsen, declined to confirm the report.

INSURANCE: Directors Lured

(Continued from first finance page)

the company, the premiums are going up 10, 20 or 30 percent when in essence the company itself is in no worse shape than before.

William Batchelor, an insurance broker with Minet J.H. & Co. confirmed this. "There has been an increase in premiums because the liabilities are getting more onerous," he said. "Legal costs are one reason why it is prudent to insure yourself."

Although brokers and underwriters expect premiums on personal liability to continue to increase, they do not expect the dramatic increase that occurred in the United States last year.

According to a survey of Fortune 1,000 chief executives conducted last September by Heidrick & Struggles, the international executive search firm, premiums increased by an average of 506 percent over 1985. Of the executives, 22.9 percent reported a 0-99 percent increase; 43.5 percent a 100 to 499 percent increase; 13.6 percent a 500 to 999 percent increase and 20

Good 2d Half Forecast

(Continued from first finance page)

percent more than a 999 percent increase.

The result, the report said, was that such companies as Control Data Corp., Delta U.S. and Armada Steel Corp. had to give up their coverage — and lost outside directors who would not serve on uninsured boards. Armada's premiums, for example, rose from \$22,500 a year to \$750,000 as a result of the company's losses.

The increase in liability premiums is linked to a 1985 case where the Delaware Supreme Court held the directors personally liable for \$23.5 million, of which only \$10 million was covered by insurance. Known as Smith v. Van Gorkum, the case involved a lone shareholder's suing Jerome Van Gorkum, chief executive of Trans Union, on grounds that he sold the company too quickly and did not get a high enough price.

Yet current management thinking is that outside — thus more independent — directors are good for company and shareholder interests. Losing them because of soaring insurance premiums thus appears to be bad business practice.

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Central National-Gottesman Inc.

New York

advised

The Wiggins Teape Group Ltd.

U.K.

in their investment in

Sociedade Portuguesa De Celulose,

SARL (SOPORCEL)

Portugal

and

Celulosas De Asturias S.A. (CEASA)

Spain.

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ECONOMIC COMMUNITY OF WEST AFRICA (CEAO)

PROJECT - INSTITUTE FOR FISHERY TECHNIQUES AND SCIENCES (ISSTH)

NOTICE OF INTERNATIONAL OFFER TO TENDER

1. OBJECT:

The Economic Community of West Africa (CEAO) is issuing an international invitation to tender for the supply of teaching equipment to ISSTH located at Nouadhibou (Islamic Republic of Mauritania) with financing by the Islamic Development Bank and the OPEC funds for international development.

2. COMPANIES TO WHICH THE INVITATION TO TENDER IS ADDRESSED:

The invitation to tender is addressed to companies and undertakings (individual or bodies corporate) or groups of undertakings which are nationals of countries which do not appear either on the boycott list of the Arab League or that of the OUA, capable of supplying:

- Lot No. 1: Office equipment;
- Lot No. 2: Teaching equipment;
- Lot No. 3: Calculation and computing equipment;
- Lot No. 4: Photo-Cine-Audio equipment;
- Lot No. 5: Scientific laboratory equipment;
- Lot No. 6: Scientific field equipment;
- Lot No. 7: Fishery technology equipment;
- Lot No. 8: Fish treatment equipment;
- Lot No. 9: Fishing tackle;
- Lot No. 10: Navigation means.

3. DESPATCH OF TENDERS:

Tenders, drawn up in French, must reach:

Le chef du Projet ISSTH (The Head of the ISSTH Project)

CEAO

P.O. Box 643 - Ouagadougou

(Burkina Faso).

At the latest on the March 6th, 1987 at 12 (noon) G.M.T.

Tenders are to have a validity of at least three months.

4. PURCHASE OF INVITATION TO TENDER FILE:

The invitation to tender file may be obtained on request sent to the Head of ISSTH Project, CEAO, P.O. Box 643, Ouagadougou (Burkina Faso), Telex No. 5212 BF, against payment of a sum of 60,000 Francs CFA in cash or by cheque to the Accountant of the CEAO.

5. SUPPLEMENTARY INFORMATION:

Any request for supplementary information concerning this invitation to tender must be submitted in writing, addressed to the Head of the ISSTH Project.

6. ANALYSIS OF TENDERS:

Tenders will be analyzed by a jury consisting of the General Secretary of the CEAO, starting on March 9th, 1987.

Issued at Ouagadougou, the December 22, 1986.

The Secretary General of the CEAO

MAMADOU BAIDARA

CURRENCY MARKETS

Dollar Hits 6-Year Low Against Mark

Compiled by Our Staff From Dispatches
NEW YORK — The dollar plunged Tuesday to a six-year low against the Deutsche mark, closing below 1.80.

It closed at 1.7975 DM in New York, down from 1.8240 at Monday's close. That was the lowest since September 1980.

The dollar was also close to its post-World War II low of 150.45 francs, closing at 151.10, down from 152.80 Monday.

It also closed at 6.0110 French francs, down from 6.0865, and at 1.5085 Swiss francs, down from 1.5330.

The British pound was also higher against the dollar, closing at \$1.5375, up from \$1.5235.

David Palmer, senior vice president at First American Bank of New York, said that it was accepted that the U.S. Treasury secretary, James A. Baker 3d was "calling the shots" and not the chairman of the Federal Reserve, Paul A. Volcker, "then there's nothing to keep the dollar from going lower until Baker says 'enough is enough.'"

He was referring to remarks attributed to top officials that the administration will not oppose a lower dollar until the U.S. trade deficit begins to narrow.

London Dollar Rates

Currency	Rate	Change
Deutsche mark	1.7975	-0.0265
Swiss franc	1.5085	-0.0245
French franc	6.0110	-0.0755
British pound	1.5375	+0.0140

Source: Reuters

Although the administration has disassociated itself from the comments, Mr. Baker has not directly contradicted them.

But Franz Scholl, head of the foreign department of the Bundesbank, said in London that unless the United States curbs its budget and trade deficits it must face the wrath of financial markets, leading to a collapse of the dollar, a crumbling of securities markets and an increase in inflation.

James McGroarty, vice president at Discount Corp. of New York, said: "We're at a critical stage in currency markets. If the administration plays this type of game, giving the impression of not being concerned, the market will get very negative ahead of the refunding next week."

The Treasury is to announce details of its first-quarter refunding auction next week, and the govern-

ment needs foreign bond buyers to help finance the budget deficit.

In Europe, the dollar was mostly lower.

Operations by West Germany's central bank, the Bundesbank, in both foreign-exchange and domestic money markets propped up the dollar in the morning.

But weakness developed later when the central bank lowered its profile after the opening of U.S. trading.

The dollar closed in London at 1.8078 DM, down from 1.8230 Monday, and sank further in afternoon trading toward the 1.8100 DM trading low it reached on Jan. 19.

The dollar also closed in London at 151.55 yen, down from 152.60 Monday, at 1.5168 Swiss francs, down from 1.5315, and at 6.0303 French francs, down from 6.0825.

It was lower against the pound, which closed at \$1.5340, against \$1.5275 Monday.

In earlier trading in Europe, the dollar was fixed at 1.8195 DM in Frankfurt, up from 1.8176 Monday, and at 6.0735 French francs in Paris, down from 6.0970.

Overnight in Tokyo, it closed at 152.65 yen, down from 152.80.

(UPI, Reuters)

U.K. Bank Sets Limits in Bond Market

Readers

LONDON — Financial reforms opened up competition in the British government bond market only three months ago, but the Bank of England has already signaled that it will limit the extent that free-market forces will be allowed to operate, according to analysts.

"It wants to let the market know that the kind of American-style trading done in New York will not be allowed here," a gilt salesman at a new primary dealer said. Gilt are British government securities.

A hint of the bank's more public role came just before the financial reforms of Oct. 27, known as the Big Bang. Those reforms raised the number of market-makers in the gilt market to 27 from three.

Just before the new trading rules were launched, the central bank issued 15 "tapiets," or small tranches of previously-issued bonds, to aid trading in the issues.

But the most telling signal came last month when the bank took the unusual step of issuing a £100 million (\$152.75 million) taplet of an outstanding stock issue, the 10% permanent debt 1989 that had become scarce, and issued a statement to the effect that it made the offering to increase liquidity.

Spokesmen for the bank declined to elaborate, but market sources said the move was aimed at discouraging the practice of cornering the market in one stock.

The sources said a new primary dealer, Catter Allen Ltd., had been able to exploit an unusual shortage caused by large-scale conversions of the bank's issue into two other longer maturities. Catter Allen officials declined comment.

Traders said that at the time the Bank of England announced the taplet, the 10% permanent issue was trading about three points higher than comparable bonds.

Traders said the central bank saw the practice as too similar to those prevalent in the nonregulated Eurobond market.

"In the old days, the bank would have just suggested to the firm that it just lighten its position and the firm would have done it," one trader said.

PICKENS: Mesa's Transfer Frees Oilman to Chase Non-Energy Companies

(Continued from first finance page)

who were under contract to Mesa Petroleum.

After Mesa Petroleum is officially liquidated next month, however, the advisers will move into roles as takeover consultants for the partnership, where they will still be restricted to energy-related deals. But they also will be available to handle assignments for a new, unrelated business set up by Mr. Pickens named Boonoco.

"It's conceivable Boonoco never does anything," Mr. Pickens said, if the Mesa partnership "stays busy with deals."

But David Batchelder, a takeover strategist at Mesa who is one of the three Pickens advisers, said that the unit was created by Mr. Pickens so he could independently pursue and finance takeovers in other industries.

"As long as there are undervalued assets and weak managements, we'll have an opportunity to make money," Mr. Batchelder said.

Mr. Batchelder, 37, and the two other minority partners in the new business, Andrew P. Craig, 36, and Sidney Tassin, 30, essentially serve as Mr. Pickens' investment bankers. They split \$4 million in fees from Mesa's \$750 million friendly takeover of Pioneer last year.

In Boonoco, the fees could be much higher, Mr. Batchelder said, but still lower than most charged by Wall Street firms.

Two of Mr. Pickens' former associates who asked not to be named said that the oilman probably sees Boonoco as a way to add to his personal wealth more rapidly than he is likely to through Mesa.

Prominent deal makers such as Michael Milken, the "junk bond" expert at Drexel Burnham Lambert Inc., and Carl C. Icahn, the New

York investor who last year took control of Trans World Airlines Inc., were said by these former associates to be his models. Mr. Pickens rejected that comparison.

"I'm not trying to copy Mike Milken or Carl," he said. "All of us have our own style."

Some longtime Pickens followers agree. Rosario S. Iacocca, an oil industry analyst with L.F. Rothschild, Unterberg, Towbin in New York, said he believed that Mr. Pickens still wants to run a major oil company despite his intoxicating successes in financial deals.

At the same time, Mr. Iacocca added, Mr. Pickens is hard to read. "He's always painting his trail," Mr. Iacocca said, "and trying to confuse you, me and anyone else as to what he's going to do."

Mr. Pickens currently receives 4

percent of the value of any takeover as a fee for any acquisition he makes for Mesa.

A new \$300 million offer for part of Shamrock could yield Mr. Pickens \$70 million before taxes if his investor group eventually wins all of the company. Analysts said that he could take even bigger per-

cent of the value of any takeover as a fee for any acquisition he makes for Mesa.

Mr. Pickens said that worries about conflicts of interest were misplaced. "I'll do a 40-hour week for Mesa even if I'm busy with Boonoco," he said. "I have the flexibility to do a lot of things."

He estimated his personal net worth at \$107 million, "a lot less than people think." He has debts of \$55 million, much of which was spent to increase his stake in Mesa over the years, he said. His stake, now approximately 5 percent of Mesa's equity, is worth about \$80 million.

In 1985, the last year for which figures are available, Mr. Pickens earned a salary of \$1.2 million plus a bonus of \$3 million and a deferred bonus related to the Phillips and Unocal transactions of another \$4.2 million.

"I damn sure haven't been greedy in these deals. All of the bonuses before went right back into the business."

Mr. Pickens suggested that this was a bargain for Mesa investors. He said that Mesa had one of the highest average rates of total return on capital of any energy company over the last 10 years: an annual rate of 25 percent.

Despite his aversion to exploration for now, Mr. Pickens is an optimist on energy prices.

centages for personal fees in independent takeovers.

Some owners of Mesa's units are worried about conflicts of interest. Lewis Gilbert, the stockholder-rights advocate, said that Mesa needs outside directors to ensure that Mr. Pickens is not neglecting Mesa in devoting time to other ventures.

Mr. Pickens agreed to permit director elections this year, but it is not clear on what issues those directors would be permitted to vote, said Warren Vieth, a Mesa spokesman. Partnerships, unlike corporations, typically do not have boards of directors. An annual meeting tentatively is set for May.

Mr. Batchelder said it would be self-defeating for the advisers to pursue takeovers that are bad for Mesa. Even though he and the oth-

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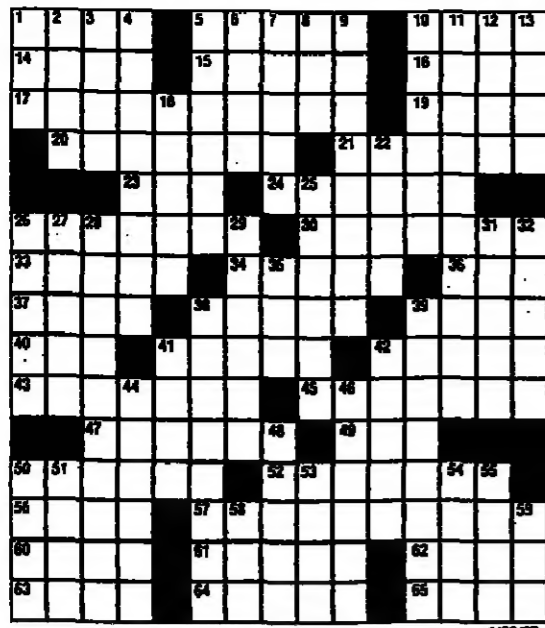
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ACROSS

1 Mendicant's request
5 Fiber from bananas
10 Slightly open
14 Jesuit's duty
15 Fabric used by decorators
16 Actor Dastagir
17 Gold digger's benefactor
19 Some Feds
20 Different
21 Sibelius' "Valse"
22 Flightless bird
24 Intrigue
26 Spheres of influence
30 Forms a queue
32 Kneeling figure, in art
34 Form of investment
36 Navy V.I.P.
37 Engrossed
38 Taken in
39 Promise's
40 Under the weather
41 Film in which Jane Fonda won an Oscar
42 Pulitzer Prize writer: 1918
43 More squallid
45 Type of wrench

DOWN

1 Liberal-arts degs.
2 Praise
3 Epiphany trio
4 Worker for an Amazon
5 Hit—driver
6 Tendency
7 Keith of the screen
8 Cape or fish
9 Porter's "Goes"
10 "Goes"
11 Impromptu
12 Incite
13 Mystical mark
18 Let slacken
22 Tear
25 Genetic offshoots
26 Day (from Ohio)
27 Ecclesiastical wear
28 Pancake topping
29 Father of Jupiter
31 Sam, e.g.
32 Game of cards
35 However
38 Rode over snow
39 Unworldly intellectual
41 Drying furnace
42 That which decides
44 Choice
46 Enacted
48 Lab vessels
50 Le Moko
51 Where Liang Prabang is
53 Network of nerves
54 "Brute!"
55 Believe
58 Mrs. Lennon
59 What a full guy takes

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DENNIS THE MENACE



"MY MOM LETS ME GET AWAY WITH ANYTHING SHE DOESN'T CATCH ME AT."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NILER
MUPIO
TORRCE
HOMFAT

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

Yesterday's Jumble: BOGUS DUTY GRUBBY IMPACT

Answer: What a wife without curiosity could be — A CURIOSITY

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	54	34	Beijing	32	14
Amsterdam	54	34	Bombay	84	64
Antwerp	54	34	Calcutta	84	64
Berlin	54	34	Hankow	84	64
Bombay	84	64	Harbin	32	14
Buenos Aires	84	64	Hong Kong	84	64
Calcutta	84	64	Kobe	84	64
Cardenas	84	64	Manila	84	64
Chengdu	84	64	Medan	84	64
Chongqing	84	64	Shanghai	84	64
Cebu	84	64	Singapore	84	64
Colon	84	64	Taipei	84	64
Dacca	84	64	Tokyo	84	64
Dahomey	84	64			
Dar es Salaam	84	64			
Delhi	84	64			
Dhaka	84	64			
Durban	84	64			
Harbin	32	14			
Hong Kong	84	64			
Kobe	84	64			
London	54	34			
Lyons	54	34			
Manila	84	64			
Medan	84	64			
Shanghai	84	64			
Singapore	84	64			
Taipei	84	64			
Tokyo	84	64			

MIDDLE EAST

ASIA	HIGH	LOW
Beijing	32	14
Bombay	84	64
Calcutta	84	64
Hankow	32	14
Hong Kong	84	64
Kobe	84	64
Manila	84	64
Medan	84	64
Shanghai	84	64
Singapore	84	64
Taipei	84	64
Tokyo	84	64

OCEANIA

ASIA	HIGH	LOW
Beijing	32	14
Bombay	84	64
Calcutta	84	64
Hankow	32	14
Hong Kong	84	64
Kobe	84	64
Manila	84	64
Medan	84	64
Shanghai	84	64
Singapore	84	64
Taipei	84	64
Tokyo	84	64

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



BOOKS

THE FATAL SHORE

By Robert Hughes. 688 pages. Illustrated. \$24.95. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.

Reviewed by John Gross

IN 1770, Captain James Cook claimed possession of the eastern coast of Australia, which he and his men had been the first Europeans to sight, in the name of George III. The actual process of colonization began about 18 years later, when a fleet of 11 British ships sailed into what was soon to be called Sydney Harbor. On board, along with the crews, were 736 convicts (188 of them women) and the marines who had been sent to guard them.

Whatever the harsh facts, most colonies have been founded to the accompaniment of a selective myth, of predilections that they would turn out to be Eden or Eldorado. Australia, by contrast, was born under a dark star. Despite the various economic and strategic arguments that were put forward, it was penal policy that proved decisive when it came to following up Cook's claim. The new settlement was conceived of as a dumping ground for criminals — a replacement, in this respect, for the lost American colonies.

Over the next 80 years more than 160,000 convicts were to be shipped out. That is the basic story, of predilections that they would turn out to be Eden or Eldorado. Australia, by contrast, was born under a dark star. Despite the various economic and strategic arguments that were put forward, it was penal policy that proved decisive when it came to following up Cook's claim. The new settlement was conceived of as a dumping ground for criminals — a replacement, in this respect, for the lost American colonies.

Hughes carefully delineates the social world of those who were transported and the conditions they endured on the voyage out, backing up his generalizations wherever possible with telling detail. In his account of what happened to them once they reached Australia he draws particularly effectively on his own testimony — of which a surprising amount has survived. Much of the evidence is grim, a good deal of it atrocious. Yet the horrors represent only part of the story. Employees slowly learned that they got better results from their convict laborers when they treated them well. Many emani-

ated prospered (a few even made large fortunes, especially in whaling and sealing). The emancipated children, the "currency lads" and "currency lassies" — the term implied local currency, with a limited circulation, as opposed to sterling — grew up thinking of Australia as a homeland, not as a jail.

Nor is "The Fatal Shore" a depressing book, painful though much of it is. It has its heroes as well as its ogres; there is material in it for 20 different movies, from the tense account of an abortive uprising among the convicts on Norfolk Island to the adventures of Mary Bryant, "the Girl from Botany Bay," a prisoner who in 1790 led an escape party that sailed a stolen boat all the way from Sydney to Timor.

John Gross is on the staff of The New York Times.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Rank	Title	Author	Weeks on list
1	RED STORM RISING	by Tom Clancy	1 26
2	THE LAST THING HE SAW	by Stephen King	2 20
3	WHIRLWIND	by James Clavell	3 12
4	RANDY	by Elmore Leonard	4 17
5	THE PRINCE OF TIDES	by Pat Conroy	5 17
6	A TASTE FOR DEATH	by P.D. James	6 13
7	FLIGHT OF THE INTRUDER	by Stephen Coonts	7 13
8	NIGHT OF THE FOX	by Jack Higgins	8 11
9	HOLLYWOOD HUSBANDS	by Jackie Collins	9 15
10	FOUNDATION AND EARTH	by Isaac Asimov	10 28
11	WANDERLUST	by Danielle Steel	11 15
12	THE COUNTERLIFE	by Philip Roth	12 11
13	THE PANIC OF '89	by Paul Erdman	13 11
14	THROUGH A GLASS DARKLY	by Karen Kohn	14 11
15	DEATH QUEST	by L. Ron Hubbard	15 24

NONFICTION

1	FATHERHOOD	by Bill Cosby	1 38
2	A SEASON ON THE BRINK	by John F. Kennedy	2 12
3	A DAY IN THE LIFE OF AMERICA	(Collins Publishers)	3 11
4	HIS WAY	by Billy Graham	4 16
5	THE SEARCH FOR SIGNS OF INTELLIGENT LIFE IN THE UNIVERSE	by James Wagoner	5 9
6	McMURDO	by Jim McInerney with Bob Vard	6 16
7	YOU'RE ONLY OLD ONCE	by D. Sarno	7 46
8	WORLD FOR WORD	by Andrew A. Ross	8 30
9	JAMES HERRIOT'S DOG STORIES	by James Herriot	9 30
10	DANCING ON MY GRAVE	by Gelsey Kirkland	10 10
11	ACROSS CHINA	by Peter Jenkins	11 10
12	THE RECKONING	by David Halberstam	12 10
13	MARILYN	by Gloria Steinem	13 12
14	ONE KNEE EQUALS TWO FEET	by John Madden with Dave Anderson	14 17
15	NECESSARY LOSSES	by Judith Viorst	15 32

ADVICE, HOW-TO AND MISCELLANEOUS

1	THE FRUGAL GOURMET COOKS WITH WINE	by Jeff Smith	1 19
2	THE ROTATION DIET	by Martin Kalish	2 32
3	MEN WHO HATE WOMEN & THE WOMEN WHO LOVE THEM	by Susan Forward and Jean Twiss	3 16
4	THE FRUGAL GOURMET	by Jeff Smith	4 30
5	WEBSTER'S NINTH NEW COLLEGE DICTIONARY	(Meridian-Webster)	5 72

BRIDGE

By Alan Truscott

THERE are many ways in which a player can instruct his partner to select one of two specific suits. The selection is normally made on the basis of length, and if the length is equal the choice may be trivial.

But in rare circumstances it is possible to convey the message: "I know our length is equal, but I want you to bid the stronger suit."

To give this message at the seven-level may be unique, but it was achieved on the diagrammed deal from the Rosenblum Cup event at the 1986 world championships in Miami Beach.

One seldom picks up a hand on which a grand slam seems likely opposite a virtually

worthless hand. North had that pleasure, but was deprived of bidding space when West opened three clubs.

The cue-bid of four clubs suggested a strong two-suited hand, and the bid of no-trump on the next round made it clear that the suits were the low-ranking ones, hearts and diamonds.

South bid six clubs to indicate a lack of preference, and seven clubs transferred the decision. "I know you have equal length in the red suits," was the message. "Please bid your stronger."

South followed orders, and reached the ideal contract of seven diamonds. The opening club lead was ruffed in the dummy, and all that was needed was a 3-2 split. That suit was

played, for a third-round ruff in the closed hand, and the rest was easy.

NORTH			
♠	A K 10 8 6 3	♥	A Q 10 9 4
♦	A K 10 7 5 3	♣	A Q 10 9 4
WEST (D)			
♠	A J 10 3	♥	A Q 10 9 4
♦	A K 10 8 6 3	♣	A Q 10 9 4
SOUTH			
♠	A Q 10 9 8 7 3	♥	A Q 10 9 4
♦	A Q 10 9 8 7 3	♣	A Q 10 9 4

North and South were vulnerable.
The bidding:
West North East South
Pass 3 ♣ Pass 3 ♣
Pass 4 ♣ Pass 4 ♣
Pass 5 ♣ Pass 5 ♣
Pass 6 ♣ Pass 6 ♣
Pass 7 ♣ Pass 7 ♣
Pass 8 ♣ Pass 8 ♣
Pass 9 ♣ Pass 9 ♣
Pass 10 ♣ Pass 10 ♣
Pass 11 ♣ Pass 11 ♣
Pass 12 ♣ Pass 12 ♣
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SPORTS

Gstrein Paces 1-2 Finish by Austria In World Skiing Combined Slalom

Compiled by Our Staff From Dispatches
CRANS-MONTANA, Switzerland — Bernhard Gstrein led Austria to a surprising one-two finish in the men's combined slalom at the world Alpine ski championships here Tuesday, but the favorites remained in good position for the medals.

Gstrein, who has never won a World Cup race in two seasons on the circuit, mastered the tricky Chetzeron course with two blistering runs, clocking by far the fastest times in both heats on a course with 63 gates in the first leg and 60 in the second.

The 21-year-old went into the second run with a 1.11-second lead and finished the day 2.03 seconds ahead of compatriot Günther Mader. The winner's aggregate time was 1:42.45.

Felix McGrath was third in 1:44.60. He is the first American man to finish in the top three in a World Cup or championship race since Doug Lewis won the bronze medal in the downhill at the 1985 world championships.

Pirmin Zurbriggen, the defending combined champion, finished ninth, 4.67 seconds behind the winner. "I lost my rhythm in the second run when I dropped my pole," he said. "I just didn't ski well. It's a big margin, but it's still wide-open. I must attack in the downhill."

The downhill portion of the combined is scheduled for Friday. The results of the two races are computed to decide the final standings in the event.

All-rounder Zurbriggen, who is gunning for a record four gold medals on his home slopes, has won both World Cup combined events this season. His main rivals for the combined title shape up as Austria's

born Marc Girardelli, who was seventh on Tuesday, 3.51 seconds behind Gstrein, and West German Markus Wasmeier, who finished 10th, with a deficit of 5.53 seconds. Gstrein said that he had only an outside chance of winning a medal

in the combined. "It looks good," he said, "but I still have to do the downhill, which is very difficult. I don't consider myself the favorite. I haven't even looked at the downhill course." He has not raced a downhill this season. (AP, UPI)



Bernhard Gstrein, at Crans-Montana: "It looks good, but..."

Working-Class Parcels Radiates Class That Works

By Tony Kornheiser
Washington Post Service

ANAHEIM, California — Let's not talk about dynasties or geniuses, about ferocious defenses or blond quarterbacks. Just for the moment, let's talk about a regular guy, a waddy guy from New Jersey who's so secure in his authority and at such peace with his command that he lets his troops doze him with Gatorade after victories because he understands that to be showered with affection requires getting wet.

Bill Parcels of the New York Giants, champions of the National Football League, is the kind of coach John Madden saw when he looked in the mirror — an unpretentious, fat guy in a windbreaker and sneakers.

I don't want to belabor the democratizing symbolism of the Gatorade bath, because it wouldn't work if the Giants hadn't won so consistently, and it might not work if a guy as fat as Harry Carson wasn't doing the dumping. But you have to remember we're talking about a ritual, however charming, that's essentially a public demeaning, and football coaches are not traditionally tolerant of such behavior.

Can you picture Tom Landry or Don Shula or Bill Walsh taking off his head to facilitate the prank about to befall him? How about Mike Ditka? He'd drop Carson in his tracks. How about Joe Gibbs, a man who refers to himself publicly as "Coach Gibbs?"

There's a posturing and formality about most football coaches that Parcels doesn't seem chained to. His players can call him fat and nickname him "Tuna" and dump bucket after bucket of moisture on him and

still never forget he's the coach and gives the orders.

Real men don't have to be tyrants. Maybe large men come to that knowledge easier than small men. Parcels weighs about 250 pounds (113.5 kilograms). "I lost six pounds this trip," said. "That's like throwing a deck chair off the Queen Mary, though."

That kind of self-deprecating humor helped him fashion an atmosphere of mutual respect and fun — not fear — similar, I suspect, to how it was in Oakland under Madden. And like Madden, Parcels worked his way up the ladder from the inside, a guy on the line who became a foreman. "He was one of us before he was one of them," Carson said proudly. Invariably, relationships are altered by promotions, but Parcels may be one of those gifted managers who can sustain the rapport.

It's not easy to be a coach in New York (even if you're really in New Jersey) these days. Neither the press nor the public is patient. Coaches there often head for the bunker the day they sign the contract. Bill Arnesen and Ray Perkins dug in so deep they had to have their air pumped in. Parcels replaced Perkins and was 3-12-1 his first season. He beat the odds just by having a second season.

Sure, the Giants look like a great team now. But some of their biggest stars are controversial. Mark Bavaro and Joe Morris are dedicated players, but one is all but noncommunicative and the other was a training-camp holdout. Phil Simms has been booed with vicious consistency. Lawrence Taylor is a sensational talent, but even after being treated for dependency on drugs and alcohol he still blazes, fully brags on national television

about all the beer he drinks. General Manager George Young handed Parcels the tools, but it was Parcels' gentle, steady stroke that built the house.

His victory over Denver in Sunday's Super Bowl is one that should be cheered by working-class coaches all over. One of their own hit the number. Parcels wasn't a great athlete who became a coach while waiting for a spot in the TV booth to open up. All he ever wanted to do was coach. He's the journeyman who rode his apprenticeship wherever it wandered — from Hastings College in Nebraska, to Wichita State, Army, Florida State, Vanderbilt, Texas Tech, Air Force, the New England Patriots, the Giants — and finally earned the sobriquet "craftsman." He's the honest worker who proves that the possibilities they say exist really do exist.

Parcels was asked what he was thinking toward the end of the Super Bowl. "I don't want to sound dramatic," he said, "but this is the honest truth. With about one minute to go, I thought back to my first game at Hastings College in 1964. We were playing Colorado College at Mines. It was my first coaching job. We won, 24-0. I might be wrong, but I don't think so. Defensive coaches remember shutouts."

He smiled warmly and continued, "I thought about that and about how the whole stadium at Hastings would fit into about half a section at the Rose Bowl."

At that moment, with the diamonds and rubies in his hands, that Parcels could be struck by how far he'd come — and how nervous the balance is — says something good and, one hopes, lasting about him.



The New York Giant coach, having his regular Sunday bath.

The Women's Game: Toward a Perfect Pitch

International Herald Tribune
LONDON — Martina Navratilova did it. Hana Mandlikova still likes to do it. Scandinavians in their thousands do it. Singaporeans love to try. Belgians and Italians actually get paid for it. But Russians see harmful social tendencies. Brazilians think

ROB HUGHES

it "immoral" and the Brits, although they began it all 92 years ago, still run up against the dark ages of sexist banter if they so much as hint at stepping into a man's world.

It is women's soccer. English television has just screened "Home and Away," a documentary on two female professional soccer players in Italy.

The Italians take Rose Reilly, captain of First Division champion Tranmere, seriously enough to try to nationalize her to join the national team. And once they saw Kerry Davis scoring spectacularly in the European championship, Lazio offered her £225 (£342) a week plus free living quarters in Rome.

Most Englishmen are unaware that there is a bona fide, UEFA-approved women's European championship, never mind that England won it in 1984. Britons have to buy foreign manuals to gauge the quality of their girls.

The 1983 Swedish soccer guide unveils, in its 42-page section on *dumfotboll*, Kerry Davis's overhead scoring style amid 161 photographs of action and teams.

"I've put my life into football," says Davis. "And football's given me a life. I don't expect Mark Halsey or Ray Wilkins to come to Italy for the same money, but it's O.K. for me." Shy and rather immature for her 23 years, Davis follows her instincts. She always knew soccer was what she did best. As a child in the English Midlands she played soccer with the boys, although "Home and Away" focused tightly on a visit to Rome by her big sister.

"My sister — she's a lady and I'm a tomboy," said Davis. "She hates football. We're different in every way."

Seeing the sights of Rome, the sophisticated sister stared right back at the men. "I'm a professional footballer," chided Kerry Davis.

"I don't go for that sort of thing." "Don't be silly," said her sister. "You've got to have a bit of fun." For Davis, fun can be padding across a waterlogged pitch. She may not understand her (male) manager's strategy, but she does what comes naturally.

Reilly, more mature in every way, commands the language, bosses her team, is on first-name terms with its sponsor and sees broader issues. "The women of the house in Italy is a kind of slave," she observes. "But another side is she's the boss of the house."

As a child, Reilly was a soccer midget beneath her frocks and competed in a boy's league until she was 12.

Nobody's slave, this big blonde. Serious boyfriends are out, because once a girl marries she gives up soccer. Reilly, 31 and with everything to play for, suggests: "Here football is a religion. In England, a lady footballer is a nobody."

She concedes that men may

come initially to look at their legs. "But I don't think we've got good-looking legs, and they keep coming back, so perhaps it's our skills they're attracted to."

Maybe so. But the Soviet sports federation sees women's soccer as socially wrong. One of its female doctors cited it as a cause of "varicose veins, damaged sexual organs and unhealthy agitation."

On the other hand, liberated comrades Navratilova and Mandlikova both attribute their tennis mobility to playing soccer, although Prague's new mixed sport is football, a variant of U.S. baseball.

Strangely enough, Brazil, the cradle of soccer's artistry, is ambivalent about women's play. Joao Saldanha, manager of Pelé, Gerson & Co., once told me: "Some Brazilian girls have tremendous natural ability, potentially as much as Pelé. But it will never be accepted here. It's considered immoral."

Morality is saleable. Resistance in Latin America waned after a

women's World Cup in Mexico drew crowds of 108,000 and profits of \$250,000 in the 1970s, and now Fred Oliveira, president of the Pernambuco League in Brazil, proposes feminine wiles as an answer to poor gates at men's games. His plan involves "beautiful women, always a great argument to attract the masses."

But not, you understand, to play. Strip-tease in the soccer stadium would hardly surprise David Marlow who, as chairman of the Women's FA in England a decade ago, lamented: "The only offers are from sponsors who do not think of the player of the month as a photograph of a female in football strip, but as a female footballer who strips for a photograph."

Official recognition of women soccer players in England (it came on Leap Year day 1972) was a mere 77 years in the dawning.

Miss Nettie J. Honeyball always knew "such a consumption [of men and women in the same league] is very far distant, but it is possible." Were she alive today, Honeyball would surely applaud the defeat of London's premier under-12 side at the feet of a rival whose star player happens to be a girl.

Having forged the British Ladies Football Club in 1895, Honeyball stuck it to an old fogey called S.D.B.

He, the initiated reporter for The Sketch, belittled the first recorded women's match. "They certainly made a pretty picture — the North side in bright red blouses and the South in quartered blue with knickerbockers or divided skirts of a dark material," wrote S.D.B. "This, however, is all that can be said in favor of the British Ladies Football Club. As exponents of the popular winter pastime, they had not the slightest qualification to take the field."

Honeyball countered that women were not the ornamental and useless creatures men supposed them to be. Her girls on the Nightingale Lane ground did not profess the strength of men, but "claimed the science."

Times, and arguments, change. A male referee last year abandoned a bawling free-for-all between English and U.S. females, and Pat Gregory, until recently the secretary of the Women's Football Association, has observed: "When you think of childbirth, injury on the field is nothing."



Italy's Kriszetta Vignotto, left, applying pressure in a match played in Beijing during the running of the city's 1984 marathon.

Connors Is Branded 'Mr. Nice Guy'

Compiled by Our Staff From Dispatches
RADNOR, Pennsylvania — Jimmy Connors, who quit cold during a match with Ivan Lendl, led a pack of boorish athletes to earn TV Guide's "Mr. Nice Guy" award for 1986, the U.S. television magazine announced Monday.

In winning the mock honor, Connors beat out Dave Kingman, the Oakland slugger who gift-wrapped a live rat for a woman reporter, and Dennis (Oil Can) Boyd, the temperamental Boston pitcher.

The magazine said Connors won the annual award "daring down" — which, during the fifth set of a semifinal match at the International Players Championships, is just what he did.

Connors disputed a linesman's call. The umpire backed the linesman, but Connors refused to continue playing. He was penalized a point for stalling, so he set down. Again asked to resume, he again refused and was penalized a game.

The tournament referee and chief supervisor then asked him to continue play. But "he remained seated, possibly under the impression tennis isn't big enough to default Jimmy Connors," wrote TV Guide. The match ended in default; Connors was fined \$25,000 and suspended for 10 weeks.

His action earned him top honors "for opening new vistas," the magazine said. "What Connors has set up in sports is a bond that fans will ask promoters to post, guaranteeing a finish to every event."

Kingman capped a long-running feud with reporter Susan Foreman by sending a neatly wrapped package to the press box.

Inside was a live rat with a note — "My name is Sue" — pinned to its tail. That earned Kingman a \$3,500 fine and, eventually, the Mr. Nice Guy runner-up award.

The bronze medal went to Boyd, who, after failing to make the American League All-Star team, threw a clubhouse tantrum, hurling clothing and cursing teammates.

He subsequently assaulted a TV cameraman, threw a soft drink at a photographer and threatened a police officer, who then arrested him after learning that Boyd had an unpaid traffic ticket.

Honorable mentions: • William (Refrigerator) Perry of the Chicago Bears, who was fined \$2,000 after scooping up St. Louis Cardinal quarterback Neil Lomax and dropping him on his head.

• Boxy J.L. Ivey, who after losing a split decision in Detroit, reached through the ropes and swung at a woman judge who voted against him. • Green Bay defensive tackle Charles Martin, who sidelined Chicago quarterback Jim McMahon for the season with a body slam administered three seconds after McMahon had released a pass. (UPI, AP)

Texas Court Places 2 Mets On Probation

The Associated Press

HOUSTON — New York Met pitcher Ron Darling and infielder Tim Lincecum pleaded no contest Monday to reduced misdemeanor charges of resisting arrest stemming from an altercation with police officers here last summer.

As part of a plea-bargain arrangement, a Harris County court dismissed misdemeanor charges against pitchers Bob Ojeda and Rick Aguilera. Darling, 26, and Lincecum, 28, were fined \$200 each and placed on one-year probation. If they successfully complete the probation (which terms were not announced), their records will be cleared.

The four were arrested July 19 after a confrontation with off-duty police, who said the incident began when Lincecum left a nightclub with an alcoholic drink. Ojeda and Aguilera were charged with hindering apprehension; Darling and Lincecum were charged with felony assault.

SCOREBOARD

Basketball

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W L Pct. GB

Boston 30 11 .732 —

Philadelphia 22 18 .551 7

Washington 20 20 .500 9 1/2

New York 13 28 .317 17

New Jersey 11 29 .275 18 1/2

Central Division

W L Pct. GB

Atlanta 26 14 .650 —

Detroit 24 16 .600 —

Milwaukee 24 16 .600 —

Chicago 21 18 .538 4 1/2

Indiana 20 19 .512 5 1/2

Cleveland 16 23 .410 11

WESTERN CONFERENCE

Midwest Division

W L Pct. GB

Dallas 26 14 .650 —

Utah 22 17 .562 3

Houston 20 19 .512 4 1/2

Denver 19 24 .442 8 1/2

Sacramento 17 27 .386 13

San Antonio 13 29 .309 16 1/2

Pacific Division

W L Pct. GB

L.A. Lakers 32 9 .780 —

Portland 28 13 .683 4

Seattle 23 18 .562 9

Golden State 22 19 .538 10

Phoenix 18 23 .435 14

L.A. Clippers 14 27 .341 18

Mavericks' Results

Seattle 27 25 .519 —

Phoenix 28 25 .528 1

Dallas 26 14 .650 2

Houston 20 19 .512 3

Denver 19 24 .442 4

San Antonio 13 29 .309 5

Portland 28 13 .683 6

Seattle 23 18 .562 7

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